Economic Trends

ARTICLES

U.K. balance of payments: preliminary figures for the fourth quarter and year 1987

The Budget: 15 March 1988

The economy: recent developments and prospects to mid-1989

Rebasing the National Accounts: the reasons and the likely effects

No 413
March 1988

Release dates of economic statistics to be published in April 1988

:rvice and other organisations as a guide to the publication dates of major economic series in April 1988. The dates are targets which are correct at time of going to press. Exceptionally, there may be delays due to unavoidable statistical problems. Enquiries about release of individual series should be made to the source named.

Publication date	Series	Method of release	Source
April			
Tues 5	Retail sales (February-final)	PN	DTI
	Credit business (February)	PN	DTI
Wed 6	UK official reserves (March)	PN	HMT
	Advance energy statistics (February)	PN	Dept. of Energy
	Housing starts and completions (February)	PN	DOE
	Capital issues and redemptions (March)	PN	Bank of England
	Detailed analysis of employment, unemployment, earnings, prices and other indicators	Employment Gazette	DE
Fri 8	Finished steel consumption and stock changes (4th quarter-final)	British Business	DTI
	Import penetration and export sales ratios for manufacturing industries (3rd quarter-final, 4th quarter-provisional)	British Business	DTI
Mon 11	Producer price index numbers (March-provisional)	PN	DTI
Tues 12	Quarterly analysis of bank advances (February)	PN	Bank of England
Thurs 14	Institutional investment (3rd quarter-provisional)	PN	Bank of England
	Provisional figures of vehicle production (March)	PN	DTI
Fri 15	Usable steel production (March)	PN	BSC/BISPA
	Labour market statistics: unemployment and vacancies (March-provisional); average earnings indices (February-provisional); employment, hours, productivity and unit wage costs; industrial disputes	PN	DE
	Tax and price index (March)	PN	CSO
	Retail prices index (March)	PN	DE
	Index of output of the production industries (February)	PN	CSO
Sun 17	National Savings monthly progress report (March)	PN	Dept. for National Savings
Mon 18	CBI/FT Survey of distributive trades (March)	PN	CBI
	Retail sales (March-provisional)	PN	DTI
Wed 20	Index of production and construction for Wales (4th quarter)	PN	Welsh Office
	Public Sector Borrowing Requirement (March)	PN	HMT/CSO
Thurs 21	London and Scottish banks monthly statement (March)	PN	CLSB
	Cyclical indicators for the UK economy (March)	PN	CSO
	Provisional estimate of monetary aggregates (March)	PN	Bank of England
Fri 22	Building societies monthly figures (March)	PN	BSA
	Preliminary estimate of consumers' expenditure (1st quarter-provisional)	PN	CSO
Tues 26	CBI Industrial Trends Survey (2nd-quarter)	PN	CBI
Wed 27	Construction – new orders (February)	PN	DOE
	Bricks and cement production and deliveries (1st quarter-provisional)	PN	DOE
Thurs 28	Quarterly house purchase finance statistics (1st quarter)	PN	CLSB
	Energy trends (February)	PN	Dept. of Energy
	New vehicle registrations (March)	PN	DTp
Fri 29	Engineering indices of production and orders (February)	British Business	DTI
	Balance of payments current account and overseas trade figures (March)	PN	DTI/CSO
	London sterling certificates of deposit (March)	PN	Bank of England
	Bill turnover statistics (March)	PN	Bank of England
	UK banks assets and liabilities and the money stock (March)	PN	Bank of England
	Sterling commercial paper (March)	PN	Bank of England

PN = Press Notice

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The sources of the series published in this volume and further information about them are shown in the index. Current telephone numbers of these sources as well as general information about *Economic Trends* can be obtained from the ındon SW1P 3AQ. Telephone:

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Introduction

Economic Trends brings together all the main economic indicators. It contains three regular sections of tables and charts illustrating trends in the UK economy:

'Latest developments' presents the most up-to-date statistical information available during the month. It is important to note that data included in this section may not be wholly consistent with other sections which have gone to press earlier.

The main section is based on information available to the CSO on the data printed at the foot of this page and shows the movements of the key economic indicators. The indicators appear in tabular form on left hand pages with corresponding charts on facing right hand pages. Colour has been used to aid interpretation in some of the charts, for example by creating a background grid on those charts drawn to a logarithmic scale. Index numbers in some tables and charts are given on a common base year for convenience of comparison.

The section on cyclical indicators shows the movements of four composite indices over 20 years against a reference chronology of business cycles. The indices group together indicators which lead, coincide with and lag behind the business cycle, and a short note describes their most recent movements. The February, May, August and November issues carry further graphs showing separately the movements in all of the 22 indicators which make up the composite indices.

In addition, quarterly articles on the national accounts appear in the January, April, July and October issues, and on the balance of payments in the March, June, September and December issues. Occasional articles comment on and analyse economic statistics and introduce new series, new analyses and new methodology.

Economic Trends is prepared monthly by the
in collaboration with the statistics divisions of Government Departments and the Bank of England.

Notes on the tables

1. The statistics relate mainly to the United Kingdom; where figures are for Great Britain only, this is shown on the table.
2. Some data, particularly for the latest time period, are provisional and may be subject to revision in later issues.
3. Rounding may lead to inconsistencies between the sum of constituent parts and the total in some tables.
4. A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. In each case a footnote explains the difference.
5. 'Billion' denotes one thousand millions.
6. There may sometimes be an inconsistency between a table and the corresponding chart, because the data may be received too late to update the chart. In such cases it should be assumed that the table is correct.
7. Symbols used.
   - .. not available
   - \- nil or less than half the final digit shown
   - \+ alongside a heading indicates a series for which measures of variability are given on page 71
   - indicates that the data has been revised since last issue; the period marked is the earliest in the table to have been revised.

The Editor would welcome readers' suggestions for improvements to Economic Trends

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Latest developments in the economy [1]

Data available at 29 March 1988

Companies: company liquidity survey

The liquidity of large industrial and commercial companies, as estimated by the Department of Trade and Industry survey, rose from 110 at the end of the third quarter to 124 at the end of the fourth quarter of 1987, and is now higher than the previous peak in the third quarter of 1983. By industrial sector, it was unchanged for manufacturing companies, remaining at 89, but for all non-manufacturing (including oil) companies it rose strongly from 132 to 165.

Official reserves and exchange rate (not seasonally adjusted)

The UK official reserves fell by $166 million in February to $42,927 million. Accruals of borrowing under the exchange cover scheme amounted to $29 million; repayments of such borrowing amounted to $152 million. Capital repayments on assignments to HMG of other public sector debt taken out under the exchange cover scheme amounted to $18 million.

Up to 30 March, the average Exchange Rate Index for March was 3.2 per cent higher than that in February.

Unemployment and vacancies

The level of unemployment in the UK (excluding school leavers) decreased by 33,400 to 2.531 million in February, 9.1 per cent of the working population. Over the past six months on average, unemployment has fallen by 49,000 per month.

The stock of unfilled vacancies at jobcentres (excluding Community Programme vacancies) decreased by 1,600 in the month to February to reach 247,900. Over the past three months to February, vacancies have decreased on average by 6,800 per month.

Employment

The number of employees in employment in manufacturing industry in Great Britain in January is unchanged compared with December. However, the monthly figures can be erratic, and over the last six months there has been a reduction of 7,000.

The employed labour force is estimated to have increased by 75,000 in the third quarter of 1987, by 461,000 in the year to September 1987 and by 1,508,000 since March 1983. The third quarter of 1987 was the eighteenth successive quarter in which the employed labour force increased. The rate of increase which had been strengthening between March 1986 and June 1987, slowed in the September quarter.

Earnings

The whole economy index of average earnings of employees in Great Britain in January 1987 was 209.5 (January 1980=100), an increase of 0.7 per cent over December and 8.7 per cent higher than in January 1986. The underlying increase in average weekly earnings in the year to January was about 8½ per cent, similar to the increase in the year to December. The actual increase in the year to January was 8.6 per cent, about the same as the estimated underlying increase.

In production industries, the underlying increase in average weekly earnings in the year to January was about 8½ per cent, an increase of ¼ per cent on the year to December; in manufacturing industries the increase was also about 8½ per cent, an increase of ¼ per cent on the year to December. These increases include the effect of higher overtime working this year than a year ago.

Productivity

Manufacturing output per head in the three months to January was 1.0 per cent higher than in the previous three months and 6.9 per cent higher than in the same period a year earlier. Output per head in the whole economy in the third quarter of 1987 was 1.5 per cent above the previous quarter and 3.2 per cent higher than in the third quarter of 1986.

Unit wage and salary costs

In the three months ending January, wages and salaries per unit of output in manufacturing industries were 1.3 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings in manufacturing as there was a rise of nearly 7 per cent in productivity over this period. For the whole economy, wages and salaries per unit of output in the third quarter of 1987 were 3.8 per cent above the corresponding period of 1986. This increase was below the rise in average earnings in the whole economy as there was a rise of nearly 3¼ per cent in productivity over this period.

Gross Domestic Product

Provisional estimates of the average measure of gross domestic product at constant factor cost, GDP(A), suggest that the level of economic activity in 1987 was nearly 4½ per cent higher than in 1986. Between the third and fourth quarters of 1987, GDP(A) increased by just over ½ per cent, following a rise of 2 per cent between the second and third quarters. This reduction in growth rate in the fourth quarter was reflected in all three alternative measures of GDP. However, the three measures show differing profiles during the year and different growth between 1986 and 1987 - ranging from nearly 3½ per cent for the expenditure measure to around 5 per cent for the income and output measures.

Output

In the three months to January, output of the production industries was ½ per cent higher than in the previous three months and 4½ per cent higher than in the same period a year earlier. Manufacturing output in the latest three months was 1 per cent higher than in the previous three months and 6½ per cent higher than in the same period a year earlier. The output of the energy sector in the latest three months was 1 per cent lower than in the previous three months and ½ per cent lower than in the same period a year earlier.

There was an increase of 1 per cent in the output measure of gross domestic product, GDP(O), between the third and fourth quarters of 1987 and the level in the fourth quarter was just over 5 per cent higher than a year previously. Output of the service industries rose by just over ½ per cent between the third and fourth quarters of 1987. This included an increase of ½ per cent in distribution, catering and related activities and an increase of about 2 per cent in transport and communication industries. The output of the production industries grew by 1 per cent between the third and fourth quarters. Within this increase, manufacturing grew by 1½ per cent. Construction output increased by 3½ per cent over the same period.

Consumers' expenditure

The provisional estimate of the volume of retail sales in February was 135.0 (1980=100). This is about the same as in January but above previous levels. In the three months December to February,

1. All data are seasonally adjusted unless otherwise stated. In most cases estimates are provisional and subject to revision.

the level of sales was over 1 per cent above that in the previous three months and nearly 7 per cent higher than in the corresponding period a year earlier (which included the weather-depressed January 1987 figure).

The rise of 1 per cent in consumers' expenditure at constant prices in the fourth quarter of 1987 took spending to a level 6 per cent above the fourth quarter of 1986. In the latest quarter, expenditure on most categories of goods and services increased; spending on durables and food fell but this reflected a fall back from the very sharp rise in the third quarter.

Stockbuilding

Revised figures indicate that the level of stocks held by UK industry rose by about £210 million at 1980 prices in the fourth quarter of 1987. Wholesalers and retailers increased their stocks by around £20 million and £15 million respectively, and stocks in the energy and water supply industries rose by about £40 million. Manufacturers' stocks, on the other hand, were reduced by almost £185 million. The largest change in the fourth quarter occurred in the other industries sector, where the level of stocks rose by about £320 million.

Within manufacturing, stocks of work in progress were reduced by about £225 million in the fourth quarter, following an increase of around £265 million in the previous quarter. Stocks of material and fuel increased by about £40 million, whilst stocks of finished goods remained virtually unchanged. An increase in production in the fourth quarter of 1987 combined with the reduction in stocks caused the stock/output ratio to fall from 84.9 at the end of September to 83.3 at the end of December.

Companies: appropriation account, capital account and financial transactions

Provisional estimates suggest that, after deducting stock appreciation, profits of UK industrial and commercial companies fell by 3 per cent between the third and fourth quarters of 1987. Between the latest two quarters, gross trading profits (net of stock appreciation) of North Sea oil companies' profits fell by 12 per cent, reflecting a fall in the sterling price of oil. In the latest quarter these profits were 11 per cent higher than a year earlier but 58 per cent below the level of the peak in the fourth quarter of 1984. The gross trading profits of non-North Sea industrial and commercial companies are estimated to have fallen by 2 per cent in the fourth quarter of 1987.

After deducting stock appreciation, the undistributed income of UK industrial and commercial companies is estimated to have fallen by 11 per cent between the third and fourth quarters of 1987, leading to a similar reduction in total receipts on their capital account. Between the third and fourth quarters of 1987 capital account spending fell by 5 per cent.

In the fourth quarter of 1987 UK industrial and commercial companies are estimated to have had a financial surplus of £2½ billion. This included £¾ billion (net) of unremitted profits retained abroad. Borrowing from UK banks rose by £4½ billion; other borrowing totalled about £5 billion.

Balance of payments

The current account for February was estimated to have been in deficit by £720 million compared with a deficit of £844 million in January. In the three months ended February, the current account showed a deficit of £2.0 billion, compared with a deficit of £0.8 billion in the previous three months. There was a deficit on visible trade of £3.8 billion compared with one of £2.7 billion in the previous three months. The surplus on invisibles in the latest three months is projected at £1.8 billion.

There was a deficit on visible trade in February of £1,320 million compared with a deficit of £1,444 million in January. Exports in February were ½ per cent lower than in January; excluding oil and the erratic items, they fell by 2 per cent. Imports in February were 2 per cent lower than in January; excluding oil and the erratic items they fell by 3½ per cent.

By volume, exports fell by 3½ per cent in the latest three months to be 1 per cent lower than in the same period a year earlier. Excluding oil and the erratic items, export volume was also 3½ per cent lower in the latest three months but was ½ per cent higher than in the same period a year earlier. It is too soon to decide whether the trend in exports has changed in recent months.

Total import volume in the latest three months was unchanged from the previous three months but 11 per cent higher than in the same period a year earlier. Excluding oil and the erratic items, import volume rose by ½ per cent to be 13 per cent higher than in the same period a year earlier. It is too soon to decide whether the trend in imports has changed in recent months.

Prices (not seasonally adjusted)

The general index of retail prices for all items for February 1988 was 103.7 (January 1987=100), representing an increase of 0.4 per cent on January and an increase of 3.3 per cent on February 1987. The rise in the index between January and February was mainly a result of higher prices for fresh fruit and vegetables and, with the end of the winter sales, prices for clothing, footwear and household goods were all higher. There were lower prices for motor vehicles and petrol. The Tax and Price Index for February 1988 was 101.8 (January 1987=100), 1.3 per cent higher than in February 1987.

The price index for materials and fuel purchased by manufacturing industry fell by 0.9 per cent between January and

February, mainly reflecting a seasonal reduction in industrial electricity costs, which was only partly offset by higher prices for imported non-food materials, home-produced food manufacturing materials and petroleum products. The index rose by 3.9 per cent in the twelve months ended February after having risen by 3.2 per cent in the twelve months ended January. The seasonally adjusted index rose by 1.1 per cent between January and February.

The price index for home sales of manufactured products rose by 0.5 per cent between January and February; this increase was spread across most industries. The increase in the index measured over a twelve month period rose to 4.0 per cent in February from 3.8 per cent in January.

Monetary aggregates (not seasonally adjusted except where indicated)

In the twelve months to February, M0 rose by 5.3 per cent, M3 by 20.4 per cent, M4 by 16.0 per cent and M5 by 15.5 per cent. In February, M0 fell by 1.0 per cent, M3 rose by 0.3 per cent, M4 by 0.4 per cent and M5 by 0.3 per cent, before seasonal adjustment. After seasonal adjustment, M0 fell by 0.1 per cent, M3 rose by 0.4 per cent, M4 by 0.9 per cent and M5 by 0.8 per cent.

Selected monthly indicators (1)

		Seasonally adjusted						Unadjusted				Seasonally adjusted	
		1980=100	1980=100	Thousands		January 1980=100	1980=100	January 1987=100	January 1987=100	1975=100	$ billion	£ million	
		Volume of retail sales GB(2,3)*	Total production industries	Unemployment (4,5)*	Vacancies (6,7,8)*	Average earnings - whole economy: GB	Producer price of materials and fuel(9)	Retail price index (all items)	Tax and price index	Sterling exchange rate index	UK official reserves(10)	Balance of payments: Current balance	Money stock M3
		FAAM	DVIM	BCJD	DPCB	DNAB	DZDQ	CHAW	DQAB	AJHT	FOAB	AIMF	AGBC
1987	J	123.6	109.9†	3 112.2	212.0	192.8†	126.9	100.0	100.0	68.8†	22.0	73†	152 509
	F	126.8	111.6	3 066.5	207.0	193.4	127.2	100.4	100.5	69.0	22.3	430	155 411
	M	126.0	112.1	3 037.3	214.2	194.8	127.4	100.6	100.7	71.9	27.0	296	159 552
	A	129.9	111.7	3 021.4	217.7	197.4	128.3	101.8	99.7	72.3	29.8	208	163 041
	M	126.3	112.5	2 950.9	230.5	198.5	128.2	101.9	99.8	73.3	34.7	-387	165 336
	J	129.3	112.5	2 922.2	233.7	198.1	131.1	101.9	99.8	72.6	34.4	-121	167 621
	J	131.0	113.2	2 873.1	235.2	201.3	133.1	101.8	99.7	72.8	34.9	-253	171 337
	A	132.1	114.9	2 825.5	236.9	201.3	134.4	102.1	100.0	72.3	34.4	-687	173 659
	S	132.0	113.8	2 772.2	246.6	201.8	133.3	102.4	100.4	73.1	34.8	43	176 087†
	O	133.0	114.8	2 713.6	261.4	203.8	132.4†	102.9	100.9	73.6	41.4	-353	182 358
	N	133.6	115.1	2 650.8	268.2	206.3	131.0	103.4	101.5	75.4	41.3	-488	182 340
	D	133.5	115.5	2 613.9	256.6	207.8	131.2	103.3	101.4	75.8	44.3	-441	184 944
1988	J	134.9†	114.8	2 564.7†	249.5	208.0	131.1	103.3	101.4	75.0		-905	186 015
	F	135.0		2 531.3	247.9†	209.5	132.5	103.7†	101.8	74.3			
		Percentage change, latest three months on previous three months											
1987	J	1.1	-0.2	-1.8	3.8	2.0	-1.5	1.5	..	-1.8	..		
	F	0.2	-0.3	-2.1	0.9	2.0	0.7	1.3	..	-0.2	..		
	M	-0.6	0.7	-2.3	-	1.9	0.4	1.2	..	2.4	..		
	A	1.3	1.5	-2.8	0.6	2.0	0.7	1.3	..	3.6	..		
	M	1.2	1.4	-3.1	5.2	2.3	0.7	1.4	..	5.4	..		
	J	2.4	0.9	-3.5	7.7	2.2	1.4	1.5	-0.6	4.2	..		
	J	1.1	0.8	-4.2	9.5	2.1	2.3	0.9	-0.5	2.6	..		
	A	2.6	1.3	-4.3	6.6	1.7	3.3	0.5	-0.2	0.1	..		
	S	2.4	1.5	-4.8	5.4	1.8	3.7	0.2	0.3	-	..		
	O	2.7	1.6	-5.0	6.5	1.5	2.3	0.6	0.6	0.1	..		
	N	1.7	0.9	-5.6	10.0	1.9	-0.2	0.9	1.2	2.0	..		
	D	1.3	1.0	-5.8	9.4	2.2	-1.5	1.1		3.0	..		
1988	J	1.2	0.6	-5.8	3.9	2.8	-1.6	0.8		3.3	..		
	F	1.2		-5.2	-2.9			0.5			..		
		Percentage change, latest three months on corresponding period of previous year											
1987	J	6.4	2.3	-0.4	27.3	7.7	-4.2	3.7	2.4	-14.1	..		
	F	6.2	2.6	-1.7	26.6	7.5	-3.4	3.9	2.6	-10.3	..		
	M	5.1	2.6	-3.2	25.1	7.3	-2.1	3.9		-7.0	..		
	A	6.0	2.4	-4.6	23.9	6.9	-0.2	4.1		-5.4	..		
	M	5.4	2.7	-6.1	27.8	7.3	0.9	4.1	..	-4.3	..		
	J	5.8	2.5	-7.4	28.5	7.7	2.2	4.2	..	-4.8	..		
	J	5.6	3.0	-9.1	27.1	8.1	4.6	4.2	..	-5.7	..		
	A	6.2	3.3	-10.4	21.9	7.8	7.4	4.3	..	-1.6	..		
	S	6.5	3.3	-11.8	20.6	7.9	8.4	4.3	..	1.1	..		
	O	6.4	3.6	-13.0	21.7	7.8	7.1	4.3	..	4.6	..		
	N	5.9	3.3	-14.3	24.4	8.1	5.2	4.3	..	7.5	..		
	D	5.6	4.2	-15.4	24.3	8.4	4.0	4.1	..	9.8	..		
1988	J	6.4	4.4	-16.6	21.9	8.6	3.0	3.7		9.9	..		
	F	6.8		-17.1	19.8			3.4			..		

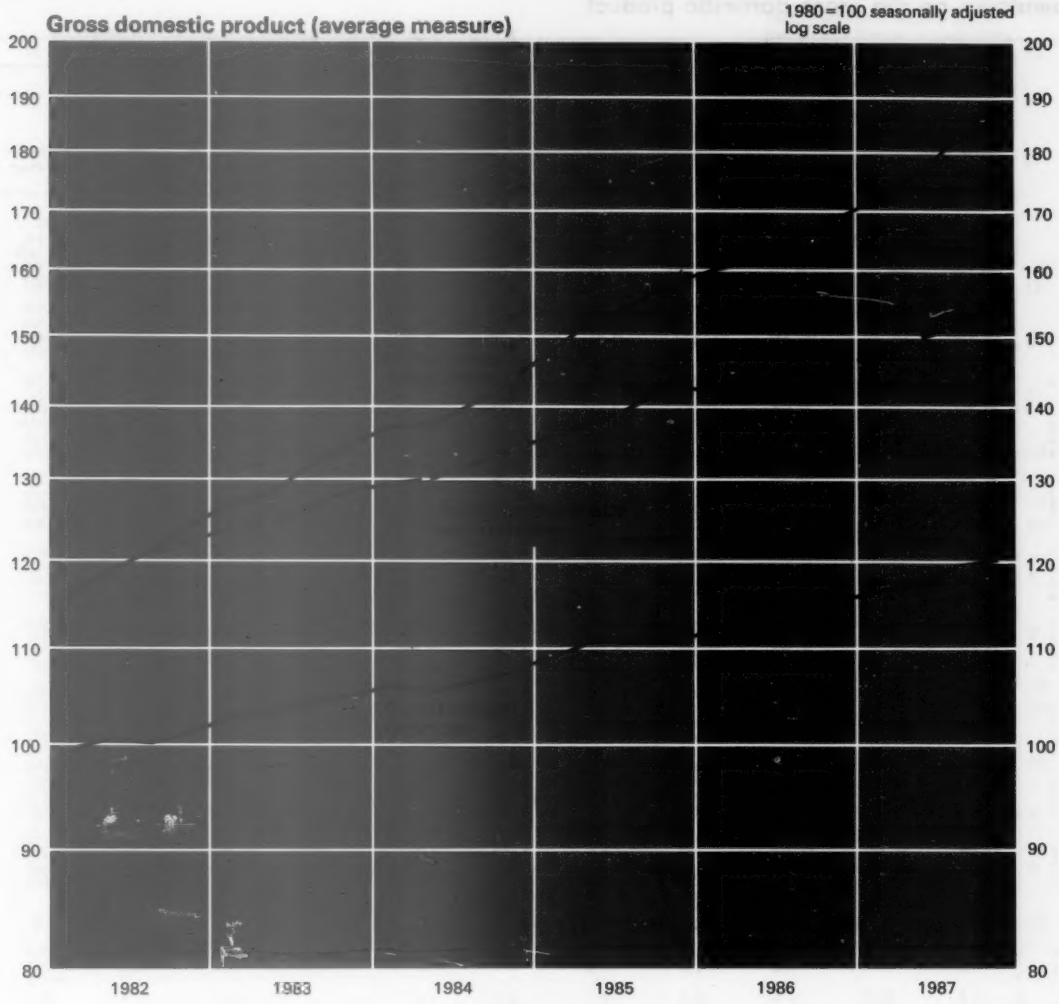
1 Data given may not be wholly consistent with that shown elsewhere in the publication.
2 This index is given to one decimal place but this does not imply that it can be regarded as accurate to the last digit shown.
3 Monthly figures of retail sales are based on four-week periods, except for the months of March, June, September and December which are five-week periods.
4 Unemployed excluding school leavers.
5 The seasonally adjusted series have been revised to allow for all discontinuities, to be consistent with the current coverage.
6 Vacancies notified to job centres. Figures were distorted in April and May 1985 due to a change in administrative arrangements leading to an artificial increase in April. Figures for May should be minimally affected.
7 There has been a change in the method of compiling vacancy statistics. See October 1986 issue of Employment Gazette for details.
8 This series excludes community programme vacancies.
9 Purchased by manufacturing industry. (Revised definition)
10 Apart from transactions, the level of official reserves is affected by changes in the dollar valuation of gold, Special Drawing Rights and convertable currencies. From end-March 1979 these rates are revised annually. These valuation changes are described in detail in the footnotes of Table 18 of the quarterly balance of payments articles in the March, June, September and December issues of Economic Trends.

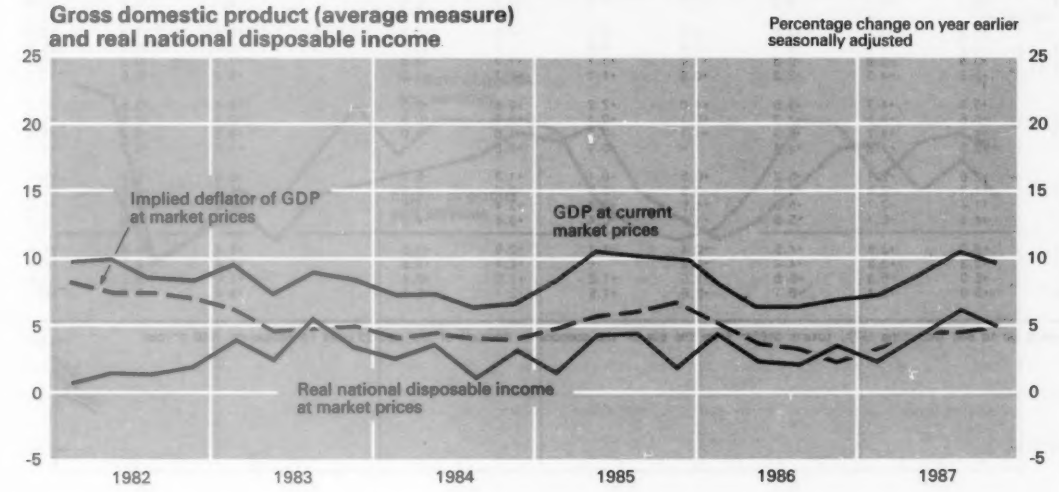
National accounts aggregates (1)

Seasonally adjusted

		Gross domestic product									National disposable income at 1980 market prices	Implied gross domestic product deflator 1980=100	
		At market prices			At factor cost								
		At current prices		At 1980 prices	At current prices		At 1980 prices					At factor cost	At market prices
		£ billion	1980=100	1980=100	£ billion(2)		1980=100				1980=100		
					Based on:		Based on:					Based on:	
		average estimate	average estimate	average estimate	expenditure data	income data	average estimate*	expenditure data	income data(3)*	output data	average estimate	expenditure data(4)	expenditure data
		CAOB	DJCL	FNAO	FNAP	FNAQ	DJDD	DJDE	DIAR	DSAE	DJCR	DJCM	DJDT
1978		187.8	72.8	99.7	149.1	148.1	99.7	100.0	99.3	99.9	98.3	74.7	72.9
1979		197.4	76.6	102.5	171.4	172.1	102.4	102.0	102.4	102.9	101.7	84.2	83.5
1980		230.6	100.0	100.0	199.7	199.7	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981		254.3†	110.3†	98.9	218.4†	219.1	99.1	99.3†	99.6	98.4	99.8†	110.1	111.5
1982		278.0	120.5	100.4	236.3	239.3†	100.7	100.4	101.6	100.1	101.3	117.9	120.0
1983		302.1	131.0	103.7	258.9	260.9	104.0	104.0	104.8†	103.3	105.2	124.7	126.3
1984		323.1	140.1	106.4	276.5	279.4	106.5	105.9	107.0	106.7	107.9	130.8	131.7
1985		354.5	153.7	110.2	304.2	304.9	110.4†	110.1	110.4	110.7†	111.2	138.3†	139.4†
1986		379.4	164.5	113.8	321.2	324.6	113.7	113.0	114.2	113.9	114.7	142.3	144.5
1987		414.2	179.6	119.0	346.5	355.7	118.7	116.8	119.8	119.4	120.1	148.6	150.9
1982	3	70.1	121.8†	100.3	59.2†	60.5	100.6	99.7†	101.7	100.5	101.0	119.0†	121.1†
	4	71.7†	124.4	101.2†	61.2	61.6	101.4†	101.5	102.1†	100.8	102.5†	120.9	122.8
1983	1	73.7	127.8	102.7	63.6	63.3	103.0	103.9	103.4	101.8	104.8	122.6	124.3
	2	74.1	128.5	102.9	62.9	64.4	103.2	102.7	105.0	102.1	103.2	122.8	124.8
	3	76.4	132.5	104.2	65.6	66.0	104.5	104.4	105.1	104.0	106.3	125.9	127.1
	4	78.0	135.3	104.9	66.8	67.2	105.2	105.0	105.5	105.2	106.3	127.5	128.9
1984	1	79.1	137.2	105.8	68.2	68.2	106.1	106.2	106.1	105.9	107.7	128.6	129.6
	2	79.6	138.0	105.7	67.8	68.7	105.6	104.6	106.1	106.1	106.8	129.8	130.6
	3	81.3	140.9	106.5	68.9	70.4	106.6	105.3	107.5	106.9†	107.5	131.2	132.4
	4	83.2	144.3	107.6	71.6	72.1	107.8	107.5	108.1	107.8	109.7	133.5	134.0
1985	1	85.6	148.5	109.3	74.1	73.8	109.5	109.6	109.2	109.5	109.4	135.4	135.9
	2	88.0	152.6	110.4	75.7	76.0†	110.8	110.5	110.8	111.0	111.5	137.3	138.2
	3	89.5	155.3	110.6	76.5	76.8	110.6	110.3	110.8	110.8	112.3	138.9	140.4
	4	91.4	158.5	110.6	77.9	78.3	110.7	110.1	110.6	111.5	111.8	141.7	143.2
1986	1	92.6	160.7	112.4	79.2	79.7	112.5	112.5	113.1	111.9	114.2	141.0	142.9
	2	93.7	162.5	113.2	79.5	80.3	113.1	112.4	113.5	113.4	114.0	141.7	143.5
	3	95.3	165.4	113.9	79.8	81.6	113.7	111.8	114.6	114.7	114.8	142.7	145.1
	4	97.8	169.6	115.7	82.9	83.0	115.6	115.4	115.6	115.8	116.0	143.9	146.5
1987	1	99.4	172.5	116.7	84.1	85.3	116.7	115.8	117.5	116.7	117.2	145.4	147.8
	2	102.0	176.9	117.8	85.1	88.3	117.6	115.0	119.3	118.4	119.1	148.2	150.1
	3	105.4	182.9	120.4	87.7	90.7	119.8	117.4	121.2	120.6	122.0	149.8	151.9
	4	107.4	186.2	121.1	89.6	91.4	120.6	118.8	121.2	121.8	121.9	151.1	153.8
		Percentage change, quarter on corresponding quarter of previous year (5)											
1982	3	8.7	8.7	1.0†	8.7	8.4	1.3	1.3	1.0	1.6	1.5†	7.3	7.5†
	4	8.4†	8.4†	1.4	9.0†	7.2†	1.2	1.8	†	1.8	2.0	7.1†	6.9
1983	1	9.7	9.7	3.2	11.1	10.4	3.2†	3.8†	3.2	2.7	4.0	7.1	6.3
	2	7.4	7.4	2.4	7.3	7.4	2.3	2.4	2.5	2.1	2.5	4.7	4.8
	3	9.0	9.0	3.9	10.7	9.2	3.8	4.7	3.3	3.5	5.3	5.7	4.9
	4	8.7	8.7	3.6	9.1	9.1	3.7	3.4	3.4	4.3†	3.7	5.5	5.0
1984	1	7.4	7.4	3.0	7.1	7.7	2.9	2.2	2.7	4.0	2.7	4.9	4.3
	2	7.4	7.4	2.7	7.7	6.8	2.3	1.9	1.0	3.9	3.5	5.7	4.7
	3	6.3	6.4	2.1	5.1	6.6	2.0	0.9	2.3	2.8	1.1	4.2	4.2
	4	6.7	6.7	2.6	7.2	7.3	2.4	2.4	2.5	2.5	3.2	4.7	4.0
1985	1	8.2	8.2	3.3	8.7	8.3	3.2	3.3	2.9	3.4	1.6	5.3	4.8
	2	10.6	10.6	4.5	11.7	10.5	4.9	5.6	4.5	4.6	4.3	5.8	5.9
	3	10.2	10.2	3.9	10.9	9.1	3.8	4.7	3.1	3.7	4.5	5.9	6.0
	4	9.8	9.9	2.8	8.8	8.6	2.7	2.5	2.3	3.4	1.9	6.2	6.8
1986	1	8.2	8.2	2.8	6.9	7.9	2.8	2.6	3.6	2.2	4.4	4.1	5.2
	2	6.5	6.5	2.6	5.0	5.7	2.1	1.7	2.4	2.2	2.3	3.2	3.8
	3	6.5	6.5	3.0	4.1	6.2	2.8	1.4	3.4	3.5	2.2	2.7	3.4
	4	7.0	7.0	4.6	6.4	6.1	4.4	4.8	4.4	3.9	3.7	1.5	2.3
1987	1	7.3	7.3	3.8	6.2	7.1	3.7	3.0	3.9	4.3	2.6	3.1	3.4
	2	8.8	8.8	4.1	7.0	9.9	3.9	2.3	5.0	4.4	4.5	4.6	4.6
	3	10.6	10.6	5.7	10.2	11.1	5.3	5.0	5.8	5.2	6.3	5.0	4.7
	4	9.8	9.8	4.6	8.1	10.1	4.3	3.0	4.9	5.2	5.1	5.0	4.9

1 The index numbers are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
2 Figures in £ million are given on page 14.
3 Income data deflated by the implied GDP deflator at factor cost based on expenditure data.
4 Also known as the index of total home costs.
5 These estimates of change are based in some cases on less rounded figures than in the table.


Gross domestic product (average measure)
1980=100 seasonally adjusted
log scale
200
190
180
170
160
150
140
130
120
110
100
90
80
1982
1983
1984
1985
1986
1987


Gross domestic product (average measure)
and real national disposable income
Percentage change on year earlier
seasonally adjusted
25
20
15
10
5
0
-5
Implied deflator of GDP
at market prices
GDP at current
market prices
Real national disposable income
at market prices
1982
1983
1984
1985
1986
1987

Expenditure on the gross domestic product

Seasonally adjusted

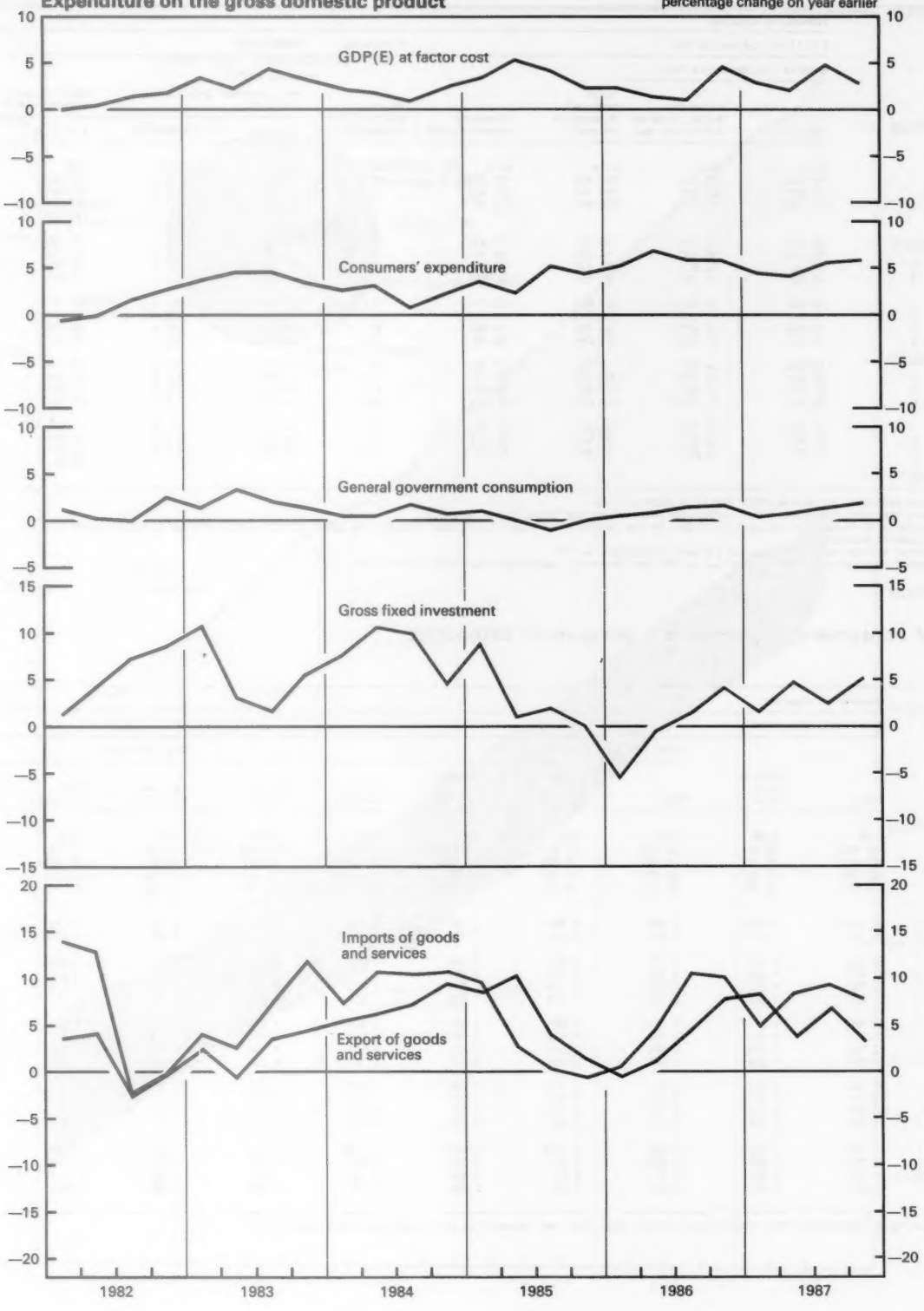
£ million, 1980 prices

		Gross domestic product at factor cost-expenditure based(1)	Final expenditure on goods and services at market prices									
			Total(1)	Consumers' expenditure	General government consumption			Gross fixed investment	Stock building	Exports of goods and services	Imports of goods and services	Adjustment to factor cost
					Total(1)	Central government	Local authorities					
		DJDH	DIAU	CAAB	DIAT	DIAV	DIAW	DECU	DGBA	DJDG	DJDJ	DIAS
1980		199 658	288 274†	137 470	49 027	29 993	19 034	41 561	-2 586	62 802†	57 672†	30 944
1981		198 267†	284 451	137 728†	48 181	30 276	18 885	37 571†	-2 404	62 395	56 038	30 146†
1982		200 406	289 846	138 812	49 561†	30 491†	19 070	39 593	-1 038†	62 918	58 887	30 553
1983		207 598	301 779	144 459	50 547	31 079	19 468	41 623	728	64 422	62 628	31 553
1984		211 392	312 848	147 852	51 004	31 405	19 599	44 908	305	68 919	68 729	32 727
1985		219 876	324 299	153 381	51 006	31 480	19 526†	46 297	659	72 956	70 809	33 814
1986		225 676	336 203	162 569	51 593	31 611	19 982	46 180	558	75 073	75 073	35 454
1987		233 130	351 403	171 032	52 195	31 784	20 431	47 800	842	79 534	80 749	37 524
1980	4	49 246†	70 385†	33 994	12 393	7 658	4 735	9 956	-1 238	15 280†	13 403†	7 736
1981	1	49 712	70 286	34 525†	12 301	7 600	4 701	9 317†	-1 035	15 158	12 896	7 658
	2	49 654	70 423	34 454	12 304	7 596	4 708	9 370	-1 027	15 322	13 438	7 331†
	3	49 115	71 830	34 316	12 361	7 593	4 768	9 408	-260	16 005	15 070	7 645
	4	49 786	71 832	34 433	12 195	7 487	4 708	9 476	-82	15 910	14 634	7 512
1982	1	49 967	72 108	34 248	12 415†	7 690†	4 725	9 395	486	15 564	14 555	7 586
	2	50 039	72 681	34 968	12 293	7 565	4 728	9 787	317	15 916	15 053	7 589
	3	49 742	72 082	34 856	12 347	7 582	4 765	10 113	-818†	15 585	14 708	7 632
	4	50 658	72 975	35 341	12 506	7 654	4 852	10 298	-1 023	15 853	14 571	7 746
1983	1	51 865	74 824	35 562	12 580	7 726	4 834	10 402	356	15 944	15 142	7 817
	2	51 252	74 474	35 916	12 687	7 802	4 885	10 095	-17	15 793	15 401	7 821
	3	52 090	75 832	36 458	12 614	7 772	4 842	10 263	352	16 145	15 797	7 945
	4	52 391	76 649	36 523	12 686	7 779	4 907	10 863	37	16 540	16 288	7 970
1984	1	52 987	77 332	36 499	12 649	7 750	4 899	11 197	177	16 810	16 272	8 073
	2	52 213	77 461	37 036	12 737	7 837	4 900	11 166	-241	16 763	17 036	8 212
	3	52 545	78 133	36 762	12 832	7 906	4 926	11 273	-20	17 286	17 407	8 181
	4	53 647	79 922	37 355	12 786	7 912	4 874	11 332	389	18 060	18 014	8 261
1985	1	54 727	80 939	37 792	12 775	7 917	4 858	12 205	-80	18 227	17 822	8 390
	2	55 147	80 944	37 873	12 752	7 842	4 910†	11 263	574	18 482	17 454	8 343
	3	55 031	81 030	38 700	12 691	7 844	4 847	11 493	180	17 966	17 450	8 549
	4	54 971	81 386	39 016	12 788	7 877	4 911	11 336	-35	18 281	17 883	8 532
1986	1	56 154	82 671	39 749	12 842	7 922	4 920	11 513	443	18 124	17 871	8 646
	2	56 107	83 185	40 505	12 865	7 911	4 954	11 191	-59	18 683	18 254	8 824
	3	55 805	84 020	40 982	12 884	7 873	5 011	11 661	-278	18 771	19 269	8 946
	4	57 610	86 327	41 333	13 002	7 905	5 097	11 815	452	19 725	19 679	9 038
1987	1	57 819	85 572	41 536	12 894	7 832	5 062	11 685	-177	19 634	18 727	9 026
	2	57 398	86 408	42 278	12 969	7 913	5 056	11 743	2	19 416	19 761	9 249
	3	58 599	89 277	43 371	13 074	7 967	5 107	11 942	805	20 085	21 049	9 629
	4	59 314	90 146	43 847	13 258	8 052	5 206	12 430	212	20 399	21 212	9 620
		Percentage change, quarter on corresponding period of previous year										
1982	3	+1.3	+0.4	+1.6	-0.1	-0.1	-0.1	+7.5	..	-2.6	-2.4	-0.2
	4	+1.8	+1.4	+2.6	+2.6	+2.2	+3.1	+8.7	..	-0.4	-0.4	+3.1
1983	1	+3.8	+3.8	+3.8	+1.2	+0.5	+2.3	+10.7	..	+2.4	+4.0	+3.0
	2	+2.4	+2.5	+4.5	+3.2	+3.1	+3.3	+3.1	..	-0.8	+2.3	+3.1
	3	+4.7	+5.2	+4.6	+2.2	+2.5	+1.6	+1.5	..	+3.6	+7.4	+4.1
	4	+3.4	+5.0	+3.3	+1.4	+1.6	+1.1	+5.5	..	+4.3	+11.8	+2.9
1984	1	+2.2	+3.4	+2.6	+0.7	+0.3	+1.3	+7.6	..	+5.4	+7.5	+3.3
	2	+1.9	+4.0	+3.1	+0.4	+0.4	+0.3	+10.6	..	+6.1	+10.6	+5.0
	3	+0.9	+3.0	+0.8	+1.7	+1.7	+1.7	+9.8	..	+7.1	+10.2	+3.0
	4	+2.4	+4.3	+2.3	+0.8	+1.7	-0.7	+4.3	..	+9.2	+10.6	+3.7
1985	1	+3.3	+4.7	+3.5	+1.0	+2.2	-0.8	+9.0	..	+8.4	+9.5	+3.9
	2	+5.6	+4.5	+2.3	+0.1	+0.1	+0.2	+0.9	..	+10.3	+2.5	+1.6
	3	+4.7	+3.7	+5.3	-1.1	-0.8	-1.6	+2.0	..	+3.9	+0.2	+4.5
	4	+2.5	+1.8	+4.4	-	-0.4	+0.8	-	..	+1.2	-0.7	+3.3
1986	1	+2.6	+2.1	+5.2	+0.5	+0.1	+1.3	-5.7	..	-0.6	+0.3	+3.1
	2	+1.7	+2.8	+6.9	+0.9	+0.9	+0.9	-0.6	..	+1.1	+4.8	+5.8
	3	+1.4	+3.7	+5.9	+1.5	+0.4	+3.4	+1.5	..	+4.5	+10.4	+4.6
	4	+4.8	+6.1	+5.9	+1.7	+0.4	+3.8	+4.2	..	+7.9	+10.0	+5.9
1987	1	+3.0	+3.5	+4.5	+0.4	-1.1	+2.9	+1.5	..	+8.3	+4.8	+4.4
	2	+2.3	+3.9	+4.4	+0.8	-	+2.1	+4.9	..	+3.9	+8.3	+4.8
	3	+5.0	+6.3	+5.8	+1.5	+1.2	+1.9	+2.4	..	+7.0	+9.2	+7.6
	4	+3.0	+4.4	+6.1	+2.0	+1.9	+2.1	+5.2	..	+3.4	+7.8	+6.4

1 For years up to and including 1977, totals differ from the sum of the components because of the method used to rebase on 1980 prices.

Expenditure on the gross domestic product

1980 prices seasonally adjusted
percentage change on year earlier



Personal disposable income and consumption

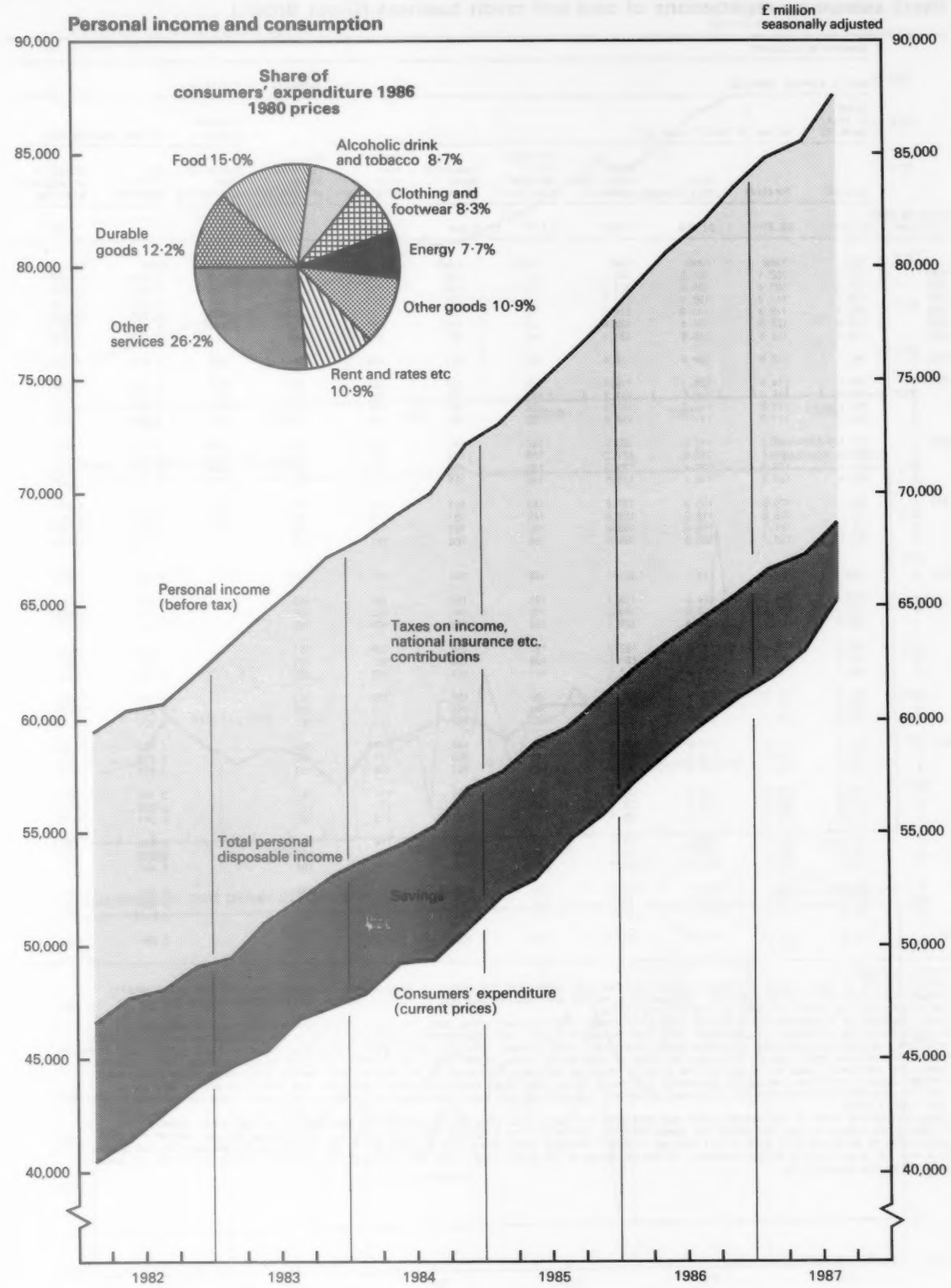
		Seasonally adjusted								
		£ million, current prices				Percentage	1980 prices			
		Personal income before tax								
		Total(1)	of which: Wages, salaries and forces pay	Total personal disposable income(2)	Consumers' expenditure(3)	Personal saving ratio(4)	Real personal disposable income(5)		Realconsumers' expenditure(3)	
							£ million*	1980 = 100	£ million	
		AIIQ	AIJB	AIIW	AIIX	AIIZ	CFAH	CFAF	CAAB	
1984		279 018	155 052	220 459	197 273	10.5	164 968	102.9	147 652†	
1985		300 657	168 303	237 246	215 435	9.2	168 842	105.3	153 381	
1986		324 725	182 717	255 651	236 597	7.5	175 648	109.6	162 569	
1987									171 032	
1984	1	68 057	37 778	53 791	47 933	10.9	40 967	102.2	36 499†	
	2	69 009	38 236	54 486	49 211	9.7	40 997	102.3	37 036	
	3	69 885	38 871	55 218	49 373	10.6	41 101	102.5	36 762	
	4	72 067	40 167	56 964	50 756	10.9	41 903	104.6	37 355	
1985	1	72 932	40 807	57 608	52 217	9.4	41 693	104.0	37 792	
	2	74 457	41 602	58 917	52 919	10.2	42 152	105.2	37 873	
	3	75 898	42 599	59 635	54 590	8.5	42 249	105.4	38 700	
	4	77 370	43 295	61 086	55 709	8.8	42 748	106.7	39 016	
1986	1	78 955	44 245	62 305	57 283	8.1	43 218	107.8	39 749	
	2	80 551	45 308	63 443	58 511	7.8	43 880	109.5	40 505	
	3	81 778	46 060	64 459	59 889	7.1	44 145	110.1	40 982	
	4	83 441	47 104	65 444	60 914	6.9	44 405	110.8	41 333	
1987	1	84 792	47 770	66 655	61 754	7.4	44 747	111.6	41 536	
	2	85 448	49 096	67 311	62 974	6.4	45 173	112.7	42 278	
	3	87 618	49 967	68 689	65 244	5.0	45 627	113.8	43 371	
	4								43 847	

1 Before providing for depreciation and stock appreciation.
2 Before providing for depreciation, stock appreciation and additions to tax reserves.
3 This table is revised and brought up to date in the January, April, July and October issues. The table below may show more up to date figures for consumers' expenditure.
4 Personal savings as a percentage of personal disposable income.
5 Personal disposable income revalued by the implied consumers' expenditure deflator (1980 = 100).

Real consumers' expenditure – component categories

		Seasonally adjusted								
		£ million, 1980 prices								
				Other goods					Other services	
		Total	Durable goods: total	Food	Alcoholic drink and tobacco	Clothing and footwear	Energy products	Other goods	Rent and rates etc.	Other services(1)
		CAAB	CDBW	CCCA	FCCD	FCCE	CCCG	CCCM	CCCN	CCCJ
1983		144 432	16 551	23 109	13 812	10 913	11 203	15 079	16 704	37 061
1984		147 618	16 717	22 891	13 926	11 562	11 329	15 851	16 953	38 389
1985		153 320	17 887	23 275	14 061	12 365	11 840	16 559	17 118	40 215
1986		162 557	19 753	24 174	14 028	13 279	12 317	17 715	17 290	44 001
1987									17 514	
1983	3	36 458†	4 241†	5 798	3 499	2 751	2 792	3 780	4 182	9 415
	4	36 523	4 187	5 841	3 482	2 788	2 794	3 829	4 199	9 402†
1984	1	36 499	4 122	5 771	3 501	2 784	2 856	3 859	4 217	9 389
	2	37 036	4 245	5 760	3 473	2 857	2 813	3 983	4 233	9 672
	3	36 762	4 030	5 639	3 479	2 935	2 805	3 989	4 247	9 538
	4	37 355	4 303	5 721	3 473	2 986	2 855	4 020	4 256	9 741
1985	1	37 792	4 354	5 712	3 506	3 041	2 907	4 075†	4 263	9 934
	2	37 873	4 345	5 798	3 505	3 087	2 930	4 114	4 274	9 820
	3	38 700	4 610	5 888	3 507	3 120	3 000	4 152	4 285	10 138
	4	39 016	4 589	5 877	3 543	3 117	3 003	4 201	4 296	10 410
1986	1	39 749	4 620	6 011	3 476	3 236	3 083	4 252	4 305	10 766
	2	40 505	4 877	6 038	3 518	3 283	3 083	4 327	4 315	11 064
	3	40 982	5 093	6 113	3 510	3 364	3 088	4 446	4 327	11 041
	4	41 333	5 038	6 012	3 524	3 396	3 063	4 542	4 343	11 415
1987	1	41 536	4 970	5 883	3 486†	3 383†	3 118†	4 590	4 358	11 748
	2	42 278	5 095	5 957†	3 561	3 502	3 020	4 702	4 372	12 069
	3	43 371	5 507	6 177	3 571	3 620	3 116	4 837	4 386	12 157
	4	43 847	5 387	6 047	3 595	3 686	3 200	4 889	4 398	12 645

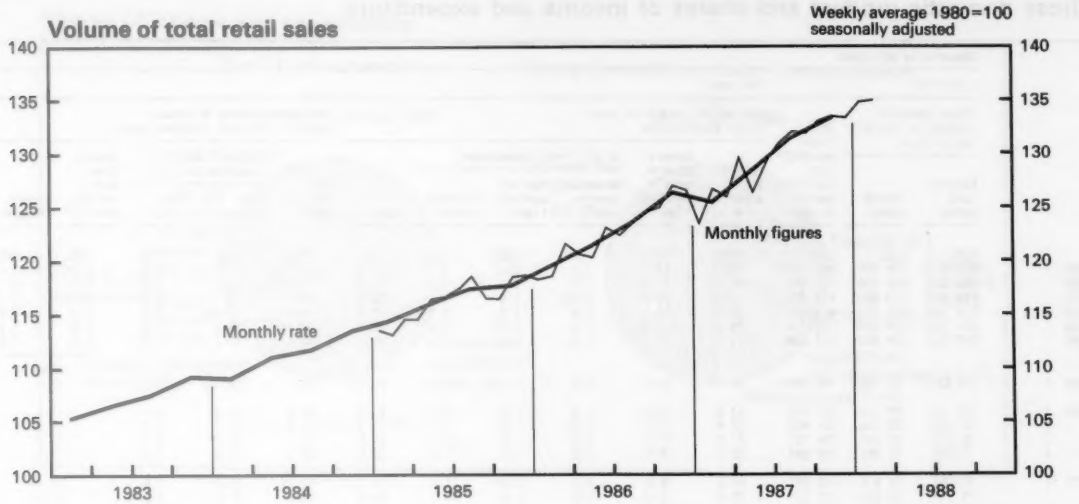
1 Including the adjustments for international travel, etc. and final expenditure by private non-profit-making bodies.

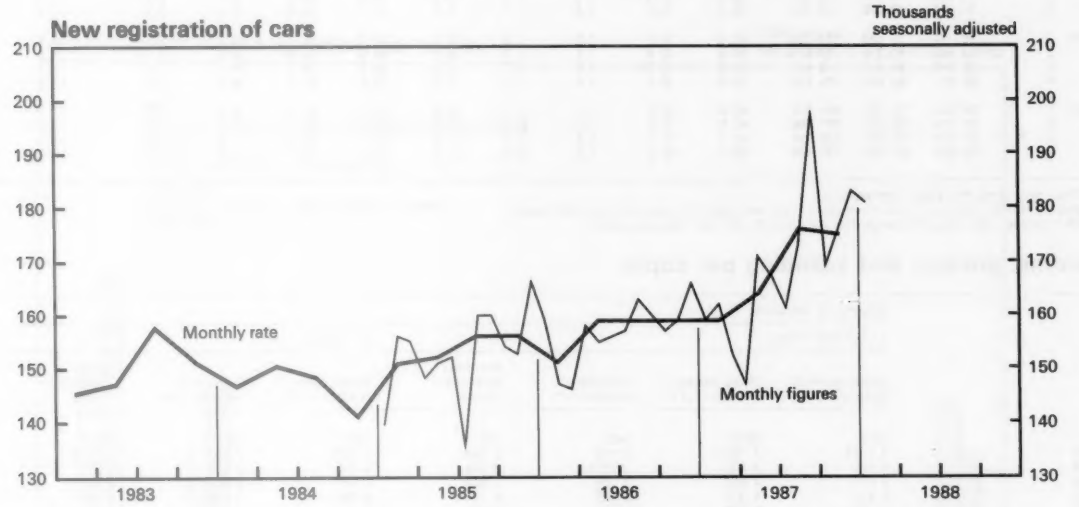

Personal income and consumption
£ million
seasonally adjusted
90,000
85,000
80,000
75,000
70,000
65,000
60,000
55,000
50,000
45,000
40,000
Share of
consumers' expenditure 1986
1980 prices
Food 15·0%
Alcoholic drink
and tobacco 8·7%
Clothing and
footwear 8·3%
Energy 7·7%
Other goods 10·9%
Rent and rates etc
10·9%
Other
services 26·2%
Durable
goods 12·2%
Personal income
(before tax)
Taxes on income,
national insurance etc.
contributions
Total personal
disposable income
Savings
Consumers' expenditure
(current prices)
1982
1983
1984
1985
1986
1987

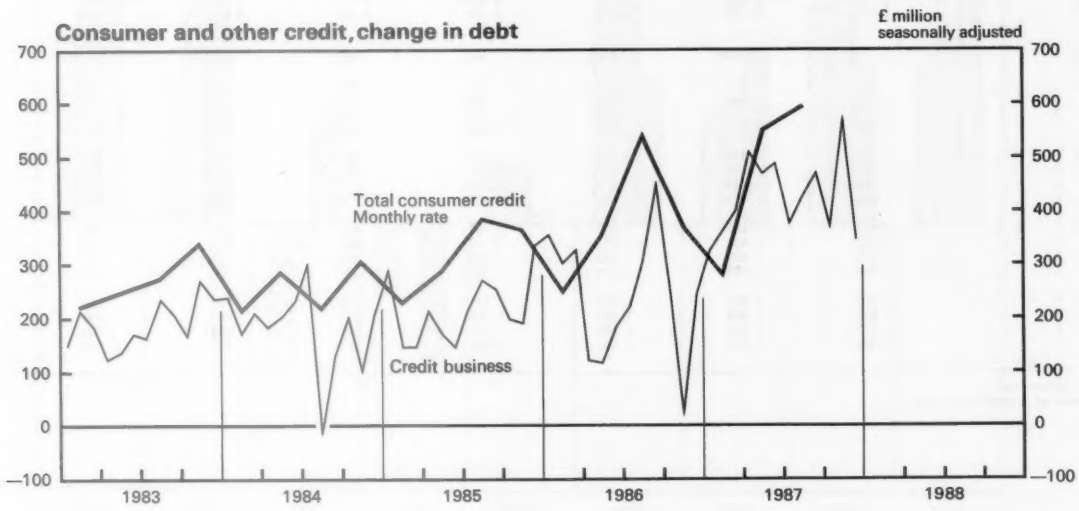
Retail sales, new registrations of cars and credit business (Great Britain)

		Seasonally adjusted										
		Weekly average 1980=100							Thousands(1)	£ million		
		Value of retail Sales(2)	Volume of retail sales (2)							Consumer credit	Credit business(3)	
		Total(4)	Total(4)	Food retailers(4)	Mixed retail businesses(4)	Clothing and footwear retailers	Household goods retailers	Other non-food retailers	New registrations of cars*(5)	Change in total outstanding	New credit advanced	Change in amounts outstanding
Sales in 1980 £ million		58 377	58 377	22 859	10 945	5 413	9 234	9 926				
		FAAL	FAAM	FAAN	FAAQ	FAAP	FAAQ	FAAR	DKBY	AIKM	FHBH	FHBI
1982		117.1	102.1	101.5	103.9	101	106	99	132	2 600	9 087	+1 440
1983		127.9	107.4	105.0	108.3	110	118	100	150	3 280	10 524	+2 246
1984		138.2	111.3	106.9	111.2	119	126	103	147	3 094	11 507	+2 159
1985		150.4	116.4	110.8	116.7	128	135	105	154	3 805	12 996	+2 586
1986		162.9	122.6	114.4	123.6	137	150	107	157	4 571†	31 546	+2 953†
1987		176.4	129.8	118.8	131.1	148	162	113	168		39 090†	+4 668
1984	4	142.7	113.5	108.0	113.4	124	131	104	142	922	2 958	+513
1985	1	145.6	114.4	109.1	115.1	125	132	104	151	694	3 103	+586
	2	149.3	116.0	110.5	117.2	127	133	105	152	860	3 083	+533
	3	152.4	117.3	111.7	117.9	128	137	105	156	1 152	3 374	+745
	4	154.0	117.7	111.7	116.8	130	140	106	156	1 099	3 436	+722
1986	1	157.4	119.4	113.5	120.2	132	141	105	151	749†	7 524	+937
	2	161.0	121.5	113.9	121.2	136	149	108	159	1 070	7 869	+397
	3	164.9	123.6	114.4	125.8	138	153	108	159	1 630	8 120	+939
	4	168.9	126.3	116.1	127.5	140	159	110	159	1 122	8 233	+828
1987	1	169.6	125.5	116.8	127.6	140	154	109	159	831	8 751	+1 072
	2	173.9	128.6	118.0	128.5	146	161	113	164	1 636	9 698	+1 302
	3	178.8	131.7	119.6	133.0	150	167	115	176	1 772	10 168	+1 104
	4	183.1	133.4	120.6	135.5	154	168	117	175		10 473†	+1 190†
1986	M	160.3	121.4	114.1	121.7	139	144	107	146†	..	2 509	+320
	A	159.2	120.6	114.0	119.1	133	150	104	158	..	2 552	+91
	M	159.4	120.3	112.6	120.3	136	147	105	155	..	2 523	+157
	J	163.7	123.1	114.8	123.7	139	149	108	156	..	2 594	+149
	J	162.9	122.4	113.8	123.2	134	152	108	157	..	2 676	+230
	A	165.0	123.7	114.2	126.9	139	153	107	163	..	2 682	+324
	S	166.3	124.6	114.9	127.1	141	154	108	160	..	2 762	+385
	O	167.0	125.0	115.9	126.3	139	155	109	157	..	2 777	+250
	N	169.8	127.1	116.5	130.3	141	159	110	159	..	2 626	+159
	D	169.6	126.7	115.9	126.2	142	163	111	166	..	2 830	+219
1987	J	167.4	123.6	118.0	125.5	139	144	107	159	..	2 682	+362
	F	171.1	126.8	116.5	128.7	142	158	111	162	..	2 972	+351
	M	170.0	126.0	116.2	128.3	140	157	109	153	..	3 097	+359
	A	175.8	129.9	119.6	131.8	151	158	114	147	..	3 152	+464
	M	171.0	126.3	116.8	124.5	142	159	111	171	..	3 205	+408
	J	174.8	129.3	117.8	129.2	147	165	113	167	..	3 341	+430
	J	177.4	131.0	118.8	134.0	151	165	114	161	..	3 299	+351
	A	179.2	132.1	119.7	132.3	152	168	115	173	..	3 379	+342
	S	179.8	132.0	120.3	132.7	149	168	116	198	..	3 490	+411
	O	181.9	133.0	120.7	136.8	155	166	114	169	..	3 374	+407
	N	183.4	133.6	120.3	137.7	154	168	116	176	..	3 558	+437
	D	183.9	133.5	120.8	132.8	152	170	119	183	..	3 541†	+346†
1988	J	186.8	134.9†	123.8†	137.5†	151†	169†	118†	181	..	3 366	+454
	F	-	135.0						172	..		

1 Monthly averages.
2 Monthly figures of retail sales are based on four-week periods, except for the months of March, June, September, December and exceptionally January 1986 which are five-week periods. The quarterly indices are weighted averages of monthly indices for the months within the quarter. The weights are the number of weeks in each monthly period.
3 Credit business of finance houses and other specialist credit grantors (excluding loans for dealer stock funding and property development), Building Societies in respect of unsecured loans from the beginning of 1987 (as permitted under the terms of the Building Societies Act 1986), retailers, ie clothing retailers, household goods retailers, mixed business retailers (other than co-operative societies) and general mail order houses, and on bank credit cards. The credit business of High Street Banks (other than credit cards), Building Societies (other than unsecured loans) and insurance companies is outside the scope of these series. There is a break at the end of 1985. Before this credit advanced excluded running- account and block discounted agreements by finance houses and other specialist credit grantors, and lending on bank credit cards. Amounts outstanding excluding block discounted agreements outstanding to finance houses and other specialist credit grantors and amounts owed on bank credit cards.
4 These indices are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
5 Following the change in taxation policy for goods vehicles, effective from 1 October 1982, the previous 'private car and van' series has been substituted by an analysis of cars in all taxation classes. Although there are slight differences in the monthly counts between the two series this will not significantly affect movements in the estimates of the underlying trend. The timing of the cyclical turning points has not been affected by the substitution.


Volume of total retail sales
Weekly average 1980=100
seasonally adjusted
140
135
130
125
120
115
110
105
100
Monthly rate
Monthly figures
1983
1984
1985
1986
1987
1988


New registration of cars
Thousands
seasonally adjusted
210
200
190
180
170
160
150
140
130
Monthly rate
Monthly figures
1983
1984
1985
1986
1987
1988


Consumer and other credit, change in debt
£ million
seasonally adjusted
700
600
500
400
300
200
100
0
—100
Total consumer credit
Monthly rate
Credit business
1983
1984
1985
1986
1987
1988

Gross domestic product and shares of income and expenditure

Seasonally adjusted

		£ million			Per cent											
		Gross domestic product at current factor cost		Total final expenditure (current market prices)	Percentage share of total final expenditure						Percentage share of gross domestic product (income based)				
		Expenditure based	Income based		Consumers' expenditure	General government consumption	Gross fixed investment: General government	Gross fixed investment: Public corporations	Gross fixed investment: Private sector	Exports	Income from employment	Gross trading profits: Companies(1)	Gross trading profits: Other (1,2)	Income from self-employment(1)	Other income(3)
		DJBA	DJBE	DIAB	FBBD	FBBE	FBBF	FBBG	FBBH	FBBI	FBBJ	FBBK	FBBL	FBBM	FBBN
1982		236 341†	239 327†	345 177†	48.7	17.5	1.2	2.0	9.7	21.1	66.3	12.4	3.8	9.0†	8.4
1983		258 905	260 906	379 689	48.4†	17.4	1.5	2.1	9.2	21.2†	65.0	13.9	3.7	9.2	8.1
1984		276 464	279 380	414 236	47.6	16.9	1.6†	1.8	9.9	22.2	64.4	15.1	2.8	9.7	8.0
1985		304 168	304 921	452 660	47.5	16.4	1.4	1.2	10.6	22.6	63.7	16.6†	2.3	9.4	7.9
1986		321 194	324 624	478 719	49.4	16.6	1.5	1.1†	10.6†	20.6	64.6†	15.2	2.5	9.7	7.9
1987		348 529	355 682	519 998	49.4	16.3†	1.4	0.9	11.0	20.7	63.5	17.1	1.8†	9.9	7.6†
														FBBO	
1983	4	66 821†	67 185	98 258†	48.1†	17.1	1.6	2.1	9.6	21.5†	64.7	14.2	3.7	17.4	
1984	1	68 144	68 148†	100 203	47.8	16.8	1.6	2.0	9.8†	21.9	64.5	14.4	3.5	17.6	
	2	67 769	68 740	101 483	48.4	17.0	1.6†	1.8	9.8	21.8	64.7	14.7	2.9	17.8	
	3	68 916	70 411	104 157	47.3	17.0	1.6	1.8	10.0	22.2	64.1	15.6	2.7	17.7	
	4	71 635	72 061	106 393	46.8	16.7	1.5	1.6	10.0	23.0	64.5	15.8	2.0	17.7	
1985	1	74 093	73 803	112 072	46.5	16.3	1.3	1.3†	11.1	23.4	63.9†	16.9†	1.8	17.4†	
	2	75 717	75 973	112 701	46.9	16.4	1.5	1.3	10.1	23.4	63.3	17.2	2.3	17.2	
	3	76 438	76 845	112 957	48.3	16.3	1.5	1.3	10.6	21.9	64.0	16.0	2.7	17.2	
	4	77 921	78 300	114 930	48.4	16.5	1.5	1.1	10.6	21.9	63.8	16.4	2.5	17.4	
1986	1	79 177	79 652	117 078	48.9	16.6	1.6	1.2	10.5	21.0	63.9	16.2	2.5	17.5	
	2	79 496	80 315	117 529	49.8	16.9	1.5	1.2	10.3	20.5	64.8	14.9	2.7	17.5	
	3	79 610	81 617	119 497	50.0	16.7†	1.5	1.1	10.9	20.0	64.7	15.1	2.4	17.7	
	4	82 911	83 040	124 615	48.9	16.4	1.5	1.1	10.8	20.8	64.9	14.8	2.5	17.8	
1987	1	84 081	85 332	124 810	49.6	16.4	1.6	1.0	10.8	21.0	63.9	16.5	1.9	17.7	
	2	85 074	88 256	127 266	49.5	16.5	1.3	0.7	11.2	20.6	63.4	17.3	1.8	17.5	
	3	87 764	90 652	132 796	49.1	16.1	1.3	0.9	11.0	20.8	62.8	17.9	1.8	17.4	
	4	89 610	91 442	135 126	49.5	16.3	1.3	0.9	11.4	20.4	64.0	16.6	1.8†	17.7	

1 After providing for stock appreciation.
2 Gross trading surplus of public corporations and general government enterprises.
3 Rent income, and imputed charge for consumption of non-trading capital.

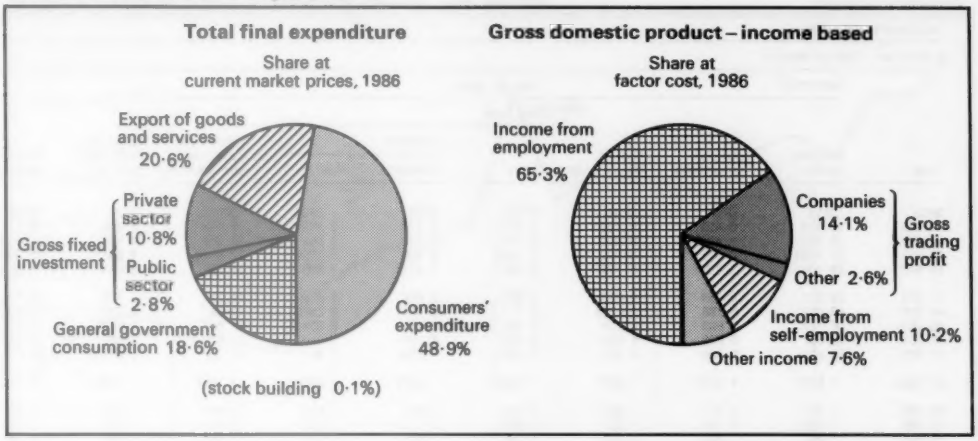
Income, product and spending per capita

Seasonally adjusted

		£, current prices				£, 1980 prices		
		Gross national product(1)	Gross domestic product(1,2)	Consumers' expenditure	Personal disposable income	Gross domestic product(1,2)	Consumers' expenditure	Personal disposable income
		FBCA	FBCB	FBCC	FBCD	FBCE	FBCF	FBCH
1982		4 218†	4 195†	2 985	3 398†	3 557†	2 484	2 805†
1983		4 639	4 592	3 261†	3 646	3 682	2 562	2 865
1984		4 973	4 894	3 486	3 903	3 742	2 614†	2 926
1985		5 422	5 372	3 800	4 191	3 883	2 709	2 987
1986		5 748	5 658	4 167	4 499	3 976	2 864	3 092
1987		6 200	6 100	4 526	4 794	4 104	3 011	3 189
								CAIU
1983	4	1 195†	1 184†	838†	942	929†	647	727†
1984	1	1 221	1 207	848	953	939	646†	727
	2	1 216	1 200	870	965	924	656	727
	3	1 241	1 220	872	977	930	651	729
	4	1 295	1 267	896	1 008	949	661	743
1985	1	1 325	1 310	921	1 018	967	668	738
	2	1 351	1 338	934	1 041	974	669	746
	3	1 368	1 349	963	1 053	972	683	747
	4	1 378	1 375	982	1 079†	970	689	756
1986	1	1 412	1 396	1 009	1 097	990	701	762
	2	1 422	1 400	1 031	1 119	989	713	774
	3	1 430	1 402	1 053	1 133	983	722	777
	4	1 484	1 460	1 074	1 150	1 014	728	779
1987	1	1 506	1 480	1 090	1 175	1 018	731	788
	2	1 522	1 498	1 109	1 186	1 011	744	796
	3	1 573	1 545	1 149	1 203	1 031	764	799
	4	1 599	1 577	1 178	1 230	1 044	772	808

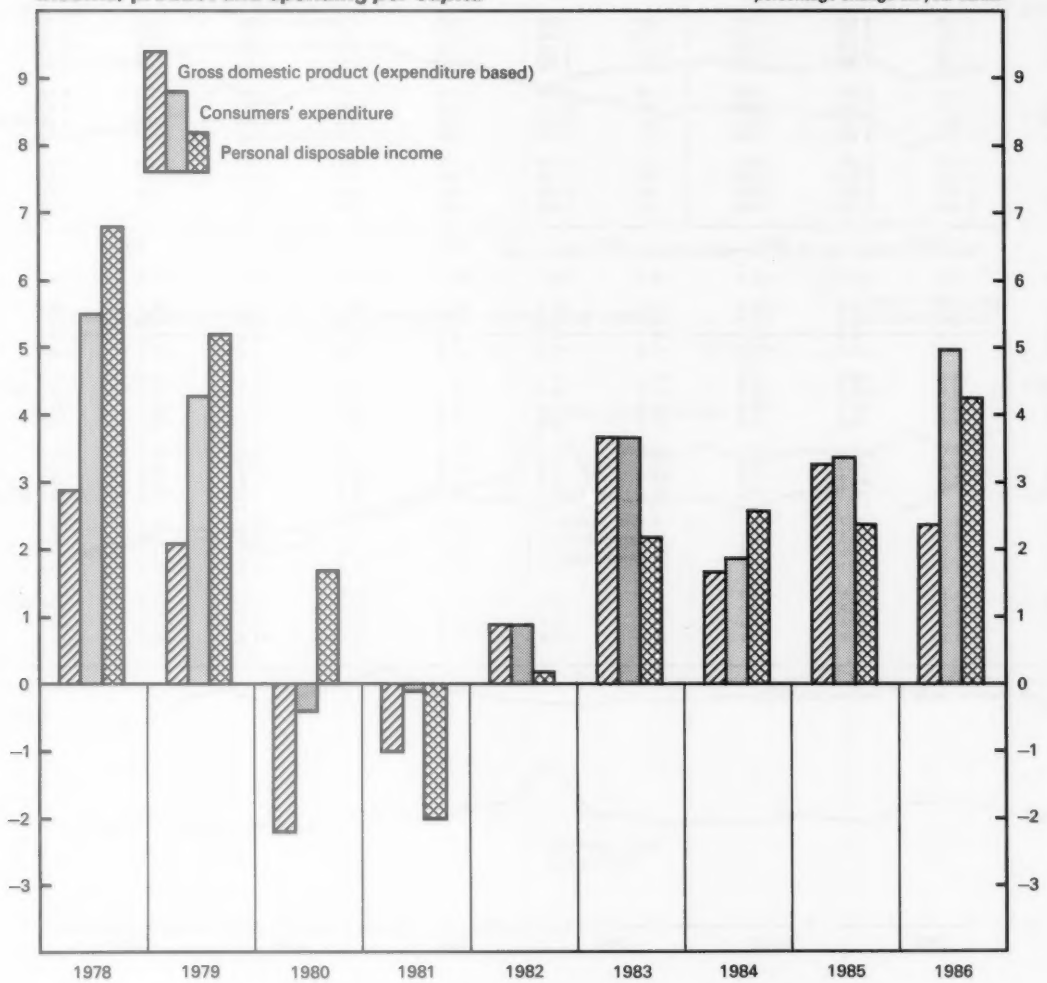
1 At factor cost.
2 Based on expenditure data.

Shares of income and expenditure



Income, product and spending *per capita*

1980 prices
percentage change on year earlier



Gross domestic fixed capital formation by sector and by type of asset

Seasonally adjusted

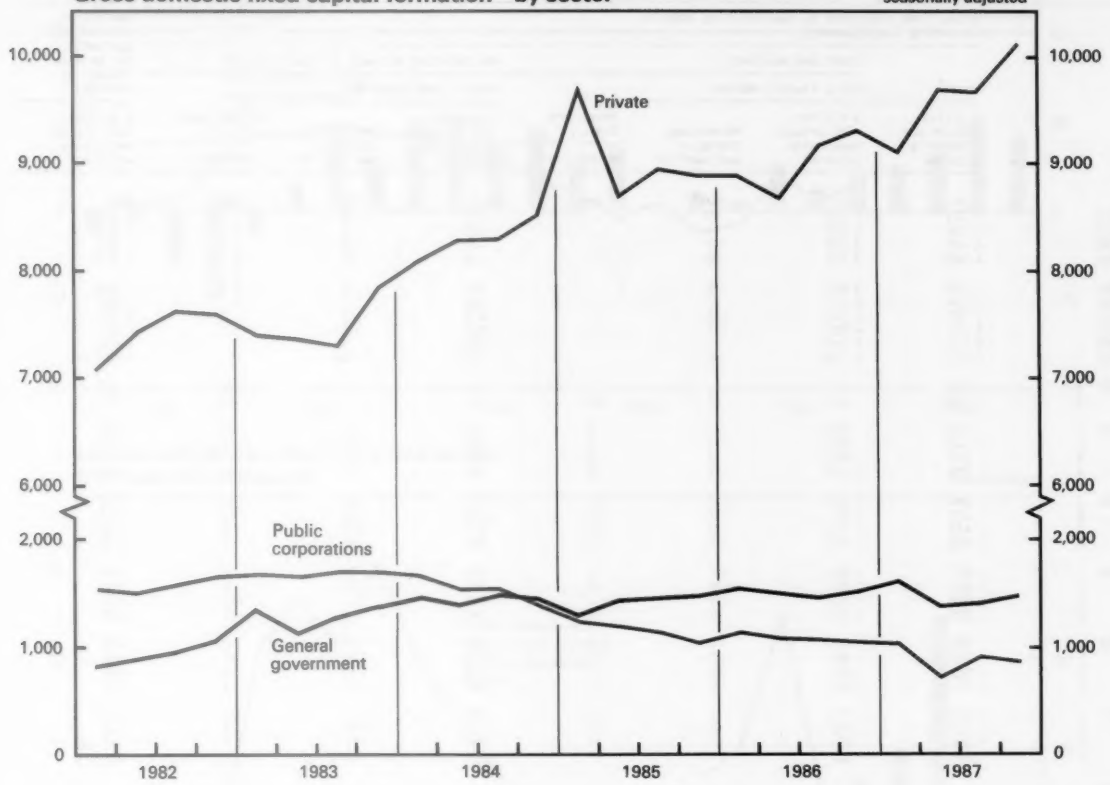
£ million, 1980 prices(1)

		Sector(2)			Type of asset					
					Dwellings					
		Total	Private sector	General government	Public corporations	Total	of which: Private	of which: Public	Other new building and works(3)	Vehicles, ships and aircraft	Plant and machinery
		DECU	DFEB	DFED	DFDA	DFEG	DFEA	DFEC	DFCV	DEBP	DEBO
1979		43 913	30 689	6 425	6 799	9 363	6 470	2 893	14 093	5 446	15 011
1980		41 561	29 409	5 499	6 653	8 674	6 115	2 559	13 363	4 566	14 958
1981		37 571†	27 433†	4 046†	6 092	7 180†	5 455	1 725†	12 944†	3 551†	13 896†
1982		39 593	29 635	3 763	6 195	7 637	5 811†	1 826	14 269	3 643	14 044
1983		41 623	29 811	5 159	6 653	8 584	6 244	2 340	14 512	3 756	14 771
1984		44 968	33 097	5 795	6 076†	8 771	6 519	2 252	15 881	4 316	16 000
1985		46 297	36 122	5 663	4 512	8 183	6 180	2 003	15 867	4 569	17 678
1986		46 180	35 931	6 040	4 209	8 822	6 774	2 048	15 880	3 996	17 482
1987		47 800	38 475	5 880	3 445	9 209	7 228	1 981	16 307	4 369	17 915
1982	4	10 298†	7 579†	1 087†	1 632	2 114†	1 582†	532†	3 705†	919†	3 560†
1983	1	10 402	7 382	1 364	1 656	2 182	1 550	632	3 651	907	3 662
	2	10 095	7 339	1 125	1 631	2 038	1 511	528	3 491	937	3 628
	3	10 263	7 286	1 291	1 686	2 125	1 545	580	3 563	898	3 677
	4	10 863	7 804	1 379	1 680	2 238	1 638	600	3 807	1 014	3 804
1984	1	11 197	8 077	1 468	1 652†	2 381	1 799	582	3 925	1 094	3 797
	2	11 166	8 257	1 392	1 517	2 175	1 618	557	4 040	966	3 985
	3	11 273	8 268	1 484	1 521	2 157	1 584	573	3 923	1 105	4 088
	4	11 332	8 495	1 451	1 386	2 058	1 518	540	3 993	1 151	4 130
1985	1	12 206	9 685	1 313	1 207	2 039	1 526	513	3 893	1 523	4 750
	2	11 263	8 673	1 417	1 173	2 009	1 523	486	4 051	1 043	4 180
	3	11 493	8 918	1 460	1 115	2 072	1 558	514	3 969	1 048	4 404
	4	11 336	8 846	1 473	1 017	2 063	1 573	490	3 954	955	4 364
1986	1	11 513	8 846	1 559	1 108	2 096	1 534	562	3 993	994	4 430
	2	11 191	8 643	1 505	1 043	2 105	1 622	483	3 853	964	4 269
	3	11 661	9 143	1 471	1 047	2 227	1 752	475	4 009	1 031	4 394
	4	11 815	9 299	1 505	1 011	2 394	1 866	528	4 025	1 007	4 389
1987	1	11 585	9 064	1 612	1 009	2 240	1 716	524	4 121	970	4 354
	2	11 743	9 670	1 383	690	2 148	1 681	467	3 878	1 137	4 580
	3	11 942	9 641	1 406	895	2 286	1 838	448	4 088	1 148	4 420
	4	12 430	10 100	1 479	851	2 535	1 993	542	4 220	1 114	4 561
		Percentage change, quarter on corresponding quarter of previous year									
1982	4	+8.7	+8.0	+18.4	+6.1	+23.1	+21.4	+28.2	+10.7	-2.4	+2.7
1983	1	+10.7	+4.5	+66.5	+9.7	+25.8	+18.1	+49.4	+7.1	+5.7	+8.0
	2	+3.1	-0.8	+25.8	+9.1	+6.6	+1.7	+23.7	+0.2	+9.5	+2.7
	3	+1.5	-4.0	+34.1	+8.2	+13.3	+8.0	+30.6	-2.9	-11.1	+3.3
	4	+5.5	+3.0	+26.9	+2.9	+5.9	+3.5	+12.8	+2.8	+10.3	+6.9
1984	1	+7.6	+9.4	+7.6	-0.2	+9.1	+16.1	-7.9	+7.5	+20.6	+3.7
	2	+10.6	+12.5	+23.7	-7.0	+6.7	+7.1	+5.5	+15.7	+3.1	+9.8
	3	+9.8	+13.5	+15.0	-9.8	+1.5	+2.5	-1.2	+10.1	+23.1	+11.2
	4	+4.3	+8.9	+5.2	-17.5	-8.0	-7.3	-10.0	+4.9	+13.5	+8.6
1985	1	+8.0	+19.9	-10.6	-26.9	-14.4	-15.2	-11.9	-0.8	+39.2	+25.1
	2	+0.9	+5.0	+1.8	-22.7	-7.6	-5.9	-12.7	+0.3	+8.0	+4.4
	3	+2.0	+7.9	-1.6	-26.7	-3.9	-1.6	-10.3	+1.2	-5.2	+7.7
	4	-	+4.1	+1.5	-26.6	+0.2	+3.6	-9.3	-1.0	-17.0	+5.7
1986	1	-5.7	-8.7	+18.7	-8.2	+2.8	+0.5	+9.6	+2.6	-34.7	-6.7
	2	-0.6	-0.3	+6.2	-11.1	+4.8	+6.5	-0.6	-4.9	-7.6	+2.6
	3	+1.5	+2.5	+0.8	-6.1	+7.5	+12.5	-7.6	+1.0	-1.6	-0.2
	4	+4.2	+5.1	+2.2	-0.6	+16.0	+18.6	+7.8	+1.8	+5.4	+0.6
1987	1	+1.5	+2.5	+3.4	-8.9	+6.9	+11.9	-6.8	+3.2	-2.4	-1.7
	2	+4.9	+11.9	-8.1	-33.8	+2.0	+3.6	-3.3	+0.6	+17.9	+7.3
	3	+2.4	+5.4	-4.4	-14.5	+2.7	+4.9	-5.7	+2.0	+11.3	+0.6
	4	+5.2	+8.6	-1.7	-15.8	+5.9	+6.8	+2.7	+4.8	+10.6	+3.9

1 Including purchases less sales of land and existing buildings.
2 Including transfer costs of land and buildings.

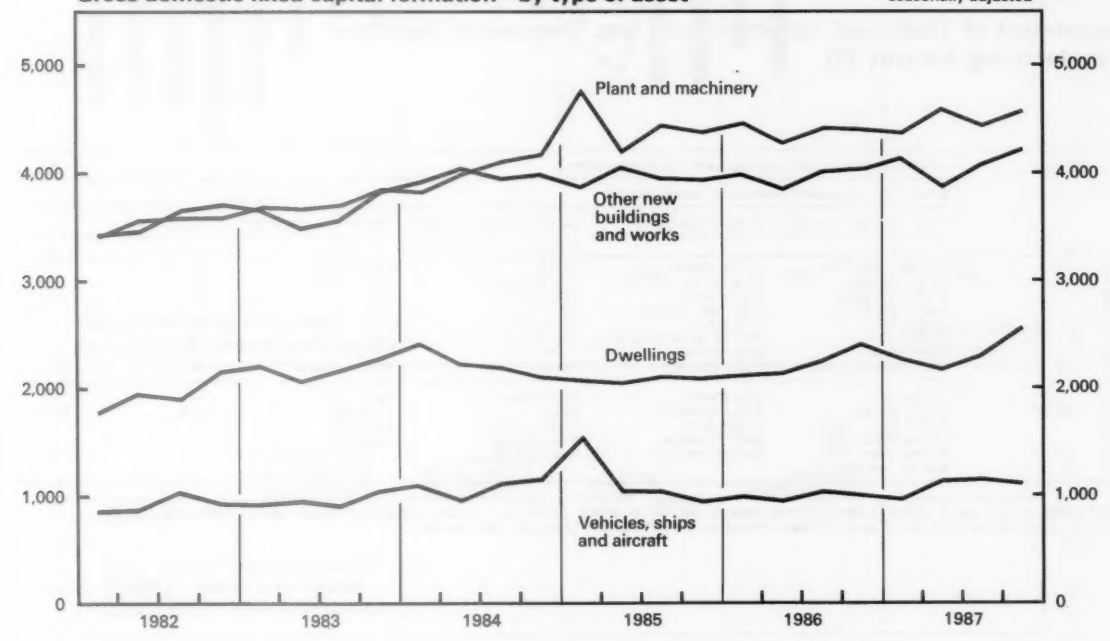
Gross domestic fixed capital formation—by sector

£ million 1980 prices seasonally adjusted



Gross domestic fixed capital formation—by type of asset

£ million 1980 prices seasonally adjusted



Indicators of fixed investment by manufacturing industry (revised definition)

		Gross fixed investment by manufacturing industry (excluding leased assets)							New orders received by contractors for private industrial work(GB)
			Plant and machinery			New building and works			
		Total*	Gross fixed investment		CBI Intentions Inquiry	Gross fixed investment		CBI Intentions Inquiry	
		£ million, 1980 prices, seasonally adjusted	£ million, 1980 prices, seasonally adjusted	Percentage change on year earlier	Balance(1)	£ million, 1980 prices, seasonally adjusted	Percentage change on year earlier	Balance(1)	£ million, 1980 prices, seasonally adjusted
		DECV	DFQP	FBAK	FBAD	DFQQ	FBAM	FBAG	DPBT
1978		7 221	5 319	+7	..	1 277	+13	..	2 241
1979		7 495	5 554	+4	..	1 305	+2	..	2 241
1980		6 478	4 958	-11	..	1 052	-19	..	1 803
1981		4 865†	3 719	-25	..	769	-27	..	1 611
1982		4 709	3 646	-2	..	657	-15	..	1 364
1983		4 779	3 771	+3	..	585	-11	..	1 602
1984		5 752	4 437	+18	..	878	+50	..	2 227
1985		6 424	4 966	+12	..	1 034	+18	..	2 007
1986		6 329	4 946	-	..	1 005	-3	..	1 845
1987		6 674	5 118†	+3	-	1 195†	+19†	-	3 120 (3)
1982	3	1 185	920	-	-11	161	-4	-26	353
	4	1 179†	919	+4	-20	181	-9	-33	321
1983	1	1 123	893†	-	-5	135†	-23	-26	422
	2	1 168	924	+1	8	140	-12	-15	376
	3	1 205	938	+2	18	155	-4	-5	438
	4	1 288	1 016	+11	12	154	-4	-8	365
1984	1	1 380	1 045	+17	20	192	+42	-5	543
	2	1 415	1 084	+17	21	216	+54	-3	543
	3	1 442	1 120	+19	14	221	+43	-5	526
	4	1 539	1 188	+17	18	250	+62	-5	615
1985	1	1 601	1 223	+17	11	267	+39	-8	544
	2	1 602	1 230	+13	14	267	+24	-3	641
	3	1 602	1 242	+11	-	252	+14	-21	425
	4	1 625	1 272	+7	4	248	-1	-21	397
1986	1	1 606	1 276	+4	2	231	-13	-16	478
	2	1 515	1 203	-2	10	216	-19	-15	450
	3	1 639	1 261	+2	5	277	+10	-15	494
	4	1 571	1 207	-5	8	281	+13	-13	423
1987	1	1 617	1 240	-3	10	278	+20	-10	642
	2	1 727	1 303	+8	13	323	+50	-3	569
	3	1 693	1 288	+2	20	307	+11	1	1 446 (2)
	4	1 676	1 287	+7†	17	286	+2†	-3	463†
1988	1				20			1	

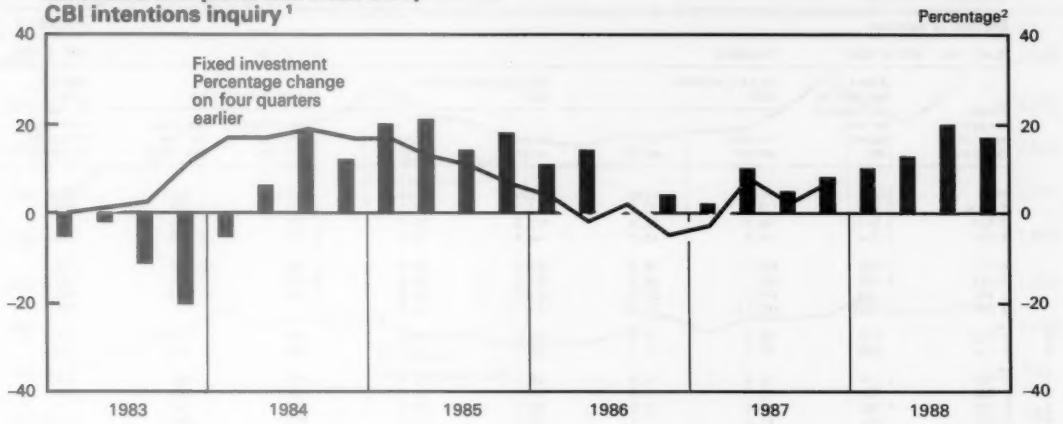
1 Percentage of firms expecting to authorise more in next 12 months less percentage expecting to authorise less.
2 Orders for third quarter 1987 include the Channel Tunnel project.
3 Orders for 1987 include the Channel Tunnel project.

Department of Trade and Industry inquiry into investment intentions: manufacturing industry (2)

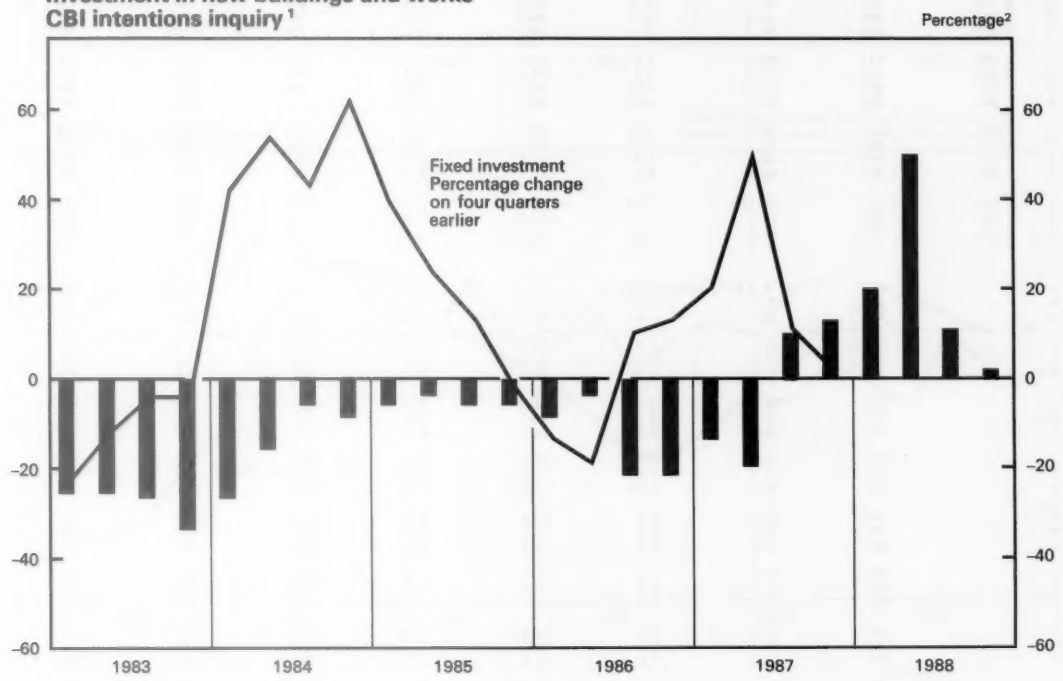
	Percentage change over previous year, in volume terms				
	Gross fixed investment (excluding leased assets)				
	First December Forecast	First June Forecast	Second December Forecast	Second June Forecast	Actual
1976	Further reduction	Little change	-5 to -8	About -6	-5
1977	Large increase	Of order of +15	+10 to +15	+6 to +10	+5
1978	Strong increase	+20 or more	+10 to +13	+10 to +13	+7
1979	Rise, less than +8	Rise less than +8	+4 to +8	+2 to +5	+4
1980	Slight fall	Slight fall	-6 to -10	-8 to -12	-14
1981	Further fall	Fall of up to 8 to 12	-15 to -20	-15 to -18	-25
1982	Some recovery	Some recovery	-1 to -3	-3 to -5	-3
1983	Appreciable increase	Rise, around 5	Fall, up to 5	Fall, around 4	+2
1984	No recovery	Slow growth	Rise, around 10	About +12	+20
1985	Little change	Rise, around 6	About +7	Around +9	+12
1986	Slight fall	Slight fall	Rise, around 4	About +6	-1
1987	Little change	Small increase	Rise, around 3	About +8	
1988	Further rise	Further increase	Rise,around 12		
1989	Smaller increase				

2 The figures in this table relate to manufacturing industry defined as Orders III to XIX, Standard Industrial Classification (1968) for 1983 and earlier years, and as Divisions 2 to 4, Standard Industrial Classification (1980) for 1984 onwards.

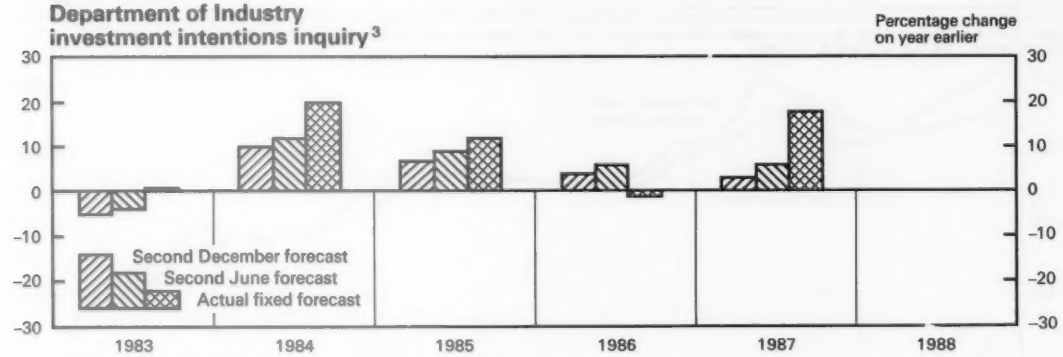
Investment in plant and machinery
CBI intentions inquiry [1]



Investment in new buildings and works
CBI intentions inquiry [1]



Department of Industry
investment intentions inquiry [3]



[1] The results of the CBI intentions inquiry have been moved forward one year for direct comparison with the percentage change in fixed investment

[2] Percentage of firms expecting to authorise more in next 12 months *less* percentage expecting to authorise less

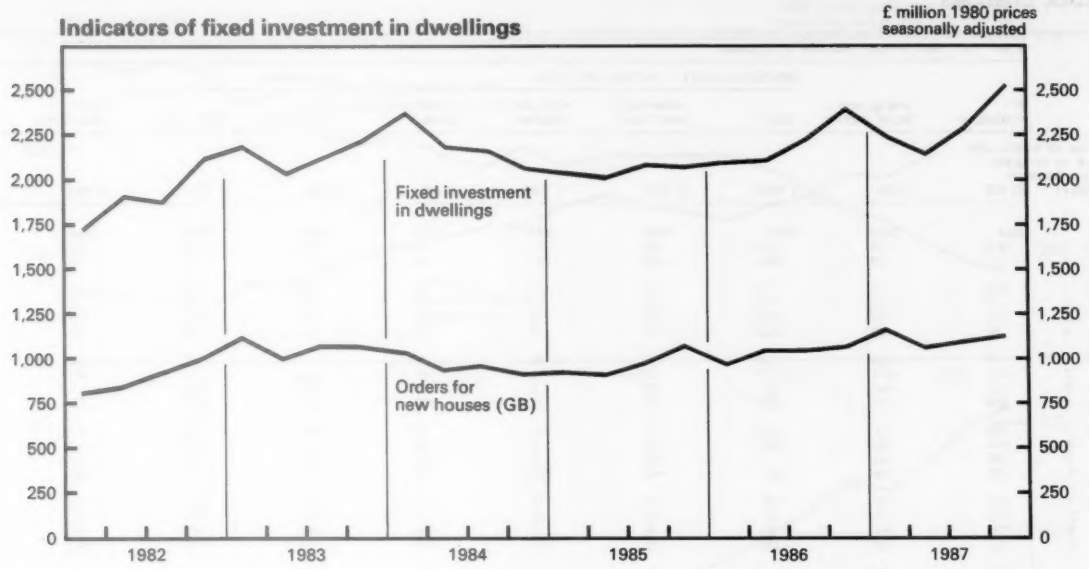
[3] See footnote [2] on page 18

Indicators of fixed investment in dwellings

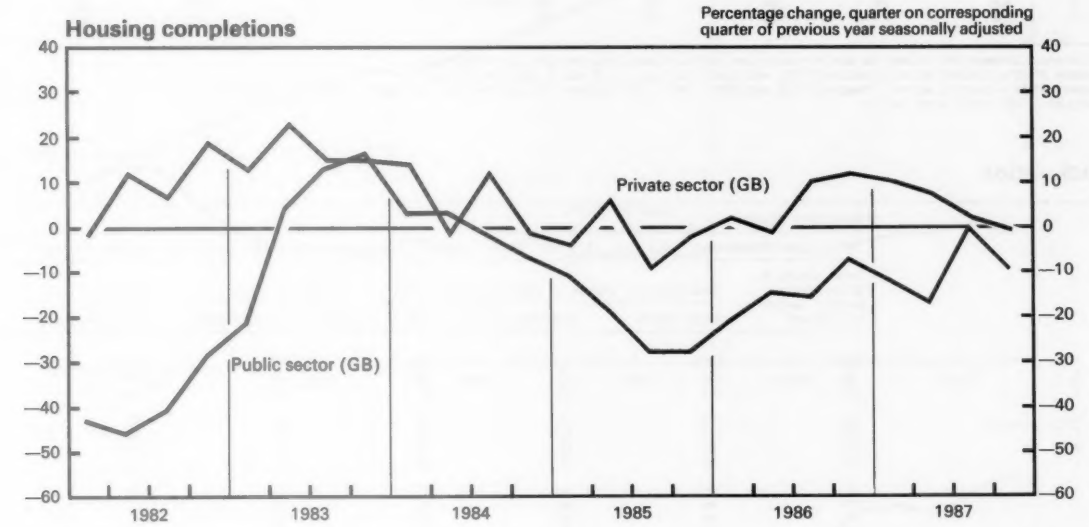
		Seasonally adjusted								Unadjusted
		£ million, 1980 prices		Thousands				£ million		1980 = 100
				Housing starts (GB)		Housing completions (GB)		Building societies		
		Fixed investment in dwellings	Orders received by contractors for new houses (GB)	Private sector	Public sector	Private sector	Public sector	Commitments on new dwellings	Advances on new dwellings	Average price of new dwellings: mortgages approved(1)
		DFEG	FCAS	FCAT	FCAU	FCAV	FCAW	AHLO	AHLS	FCAZ
1981		7 180†	2 559	116.7	37.2	114.2	84.7	1 427	1 456	102
1982		7 637	3 551	140.5	52.8	123.9	50.1	1 931	1 716	104
1983		8 584	4 234	170.5	48.0	144.4	50.5	2 419	2 330	116
1984		8 771	3 826	154.7	40.2	153.3	50.1	2 980	2 900	125
1985		8 183	3 856	163.1	34.1	151.5	39.4	2 963	2 900	136
1986		8 822	4 108	175.1	31.9	161.6	33.6	3 594	3 486	160
1987		9 209	4 455†	193.5†	30.2†	171.1†	30.0†			187
1982	3	1 875†	916	35.2	12.6	30.9	11.3	487	438	104
	4	2 114	999	35.7	14.1	33.1	11.4	598	526	108
1983	1	2 182	1 114	45.3	14.9	33.8	12.1	594	562	112
	2	2 039	994	42.0	11.8	37.1	12.4	564	563	116
	3	2 125	1 062	40.6	9.6	35.6	13.0	585	587	118
	4	2 238	1 064	42.6	11.7	37.9	13.0	676	618	117
1984	1	2 381	1 032	40.2	12.3	38.7	12.3	735	689	121
	2	2 175	935	39.1	10.3	36.6	12.9	818	727	125
	3	2 157	950	38.0	9.5	39.6	12.8	704	757	127
	4	2 058	909	37.4	8.1	38.4	12.1	723	727	125
1985	1	2 039	911	37.2	8.5	37.6	11.0	717	715	130
	2	2 009	909	40.7	8.4	39.0	10.4	684	718	134
	3	2 072	973	41.6	8.3	36.7	9.2	738	697	137
	4	2 063	1 063	43.6	8.9	38.2	8.8	824	770	144
1986	1	2 096	980	40.9	7.9	38.2	8.4	823	809	147
	2	2 105	1 044	43.6	7.6	39.7	8.9	1 017	876	159
	3	2 227	1 043	46.7	8.4	41.0	8.0	967	924	165
	4	2 394	1 061	43.9	8.0	42.7	8.3	819	908	167
1987	1	2 240	1 167	47.4†	7.5†	42.0	7.3	824	850	173
	2	2 148	1 056	44.7	8.1	42.6	7.3	892	851	181
	3	2 286	1 095	49.8	7.0	44.2	7.9	968	881	191
	4	2 535	1 137†	51.6	7.6	42.3†	7.5†	1 018	906	203
1986	A	..	348	13.3	2.7	12.7	3.0	334	286	156
	M	..	334	15.2	2.3	12.4	2.5	337	290	158
	J	..	362	15.1	2.6	14.6	3.4	346	300	163
	J	..	359	15.3	2.9	13.2	2.3	333	313	164
	A	..	346	15.8	2.6	13.8	2.7	325	303	165
	S	..	338	15.6	2.9	14.0	3.0	309	308	165
	O	..	358	15.0	2.9	13.6	2.7	289	316	166
	N	..	367	15.4	2.5	14.7	2.6	256	292	167
	D	..	336	13.5	2.6	14.4	3.0	274	300	169
1987	J	..	422	13.4†	2.6	13.2	2.3	264	279	170
	F	..	403	17.7	2.6	14.0	2.7	274	282	173
	M	..	342	16.3	2.3†	14.8	2.3	286	289	176
	A	..	340	14.4	2.6	14.2	2.5	297	295	179
	M	..	369	16.5	3.0	14.2	2.5	291	274	183
	J	..	347	13.8	2.5	14.2	2.3	304	282	182
	J	..	401	15.7	2.2	14.5	2.8	332	293	189
	A	..	343	16.9	2.4	15.6	2.4	323	284	193
	S	..	351	17.2	2.4	14.1	2.7	313	304	192
	O	..	357	14.3	2.5	14.2†	2.5†	335	306	199
	N	..	356†	17.1	2.6	14.2	2.7	345	296	202
	D	..	424	20.2	2.5	13.9	2.3	338	304	208
1988	J	..	467	19.8	2.1	15.7	2.1	370†	320†	208
	F	..								216†

1 Mortgages with building societies by private owners. The index covers only dwellings on which building societies have approved mortgages during the period. The cost of land is included.

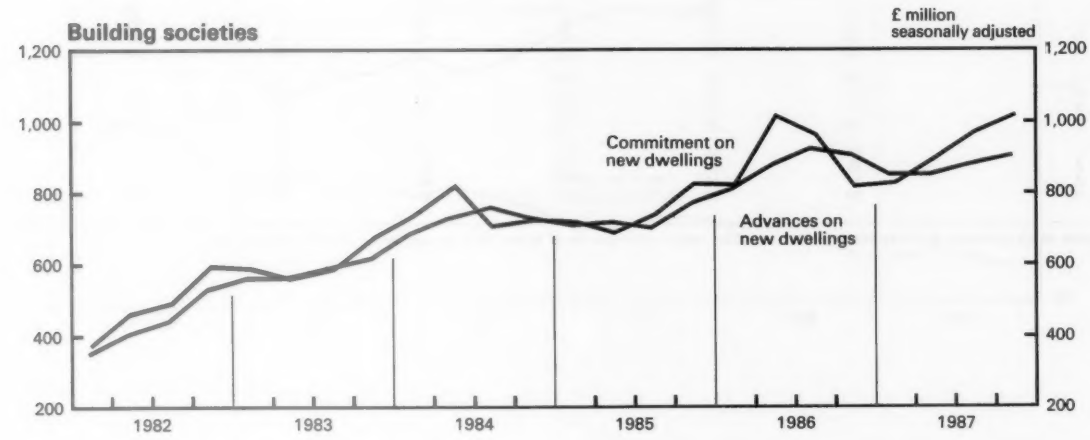
Indicators of fixed investment in dwellings



Housing completions



Building societies



Stock changes

£ million, 1980 prices, seasonally adjusted

		All industries	Energy and Water supply	Manufacturing(1) - revised definition				Distribution		Other industries
				Total	Materials and fuels	Work in progress	Finished goods	Wholesale(2)	Retail(3)	
Value of stocks and work in progress end - December 1986(4)		67 836	3 899	3 1080	9 854	11 398	9 829	9 692	8 223	14 942
		DGBA	DHBQ	DHBM	DGAX	DGAY	DGAW	DHBO	DHBN	DHBR
1982	3	-818†	-124	-384	-169	-151	-64	-142	-29	-139†
	4	-1 023	26	-645	-305	-221	-119	-217	-173	-14
1983	1	356	148	-5	-210	211	-6	-163	-63	439
	2	-17	-68	-46	-57	-47	58	186	-116	47
	3	352	61	-283	-116	18	-186	49	148	377
	4	37	-139	202	127	-1	77	-89	22	41
1984	1	177	-233	136	-38	50	124	4	148	124
	2	-241	-213	7	81	115	-188	-43	48	-40
	3	-20	-146	157	95	5	56	58	-96	7
	4	389	-162	236	25	17	192	-39	299	55
1985	1	-60	-5	-212	2	-234	20	-76	-37†	270
	2	574	-93	220	43	2	175	119	96	232
	3	180	-35	7	69	6	-68	-97	101	204
	4	-35	174	-421	-43	-288	-91	-88	44	236
1986	1	443	26	-235	-45	-117	-74	247	129	276
	2	-58	-72	91	25	65	1	-122	158	-114
	3	-278	-56	-83	-16	3	-69	-164	100	-73
	4	452	168	-179	-113	-50	-16	111	196	156
1987	1	-177	-24†	-143†	-27	-48†	-68†	42†	43	-95
	2	2	-192	40	65†	25	-49	14	210	-70
	3	805	16	324	72	265	-12	102	298	63
	4	212	41	-183	42	-227	1	18	16	320

1 Differences between totals and the sum of constituent parts of manufacturing are due to rounding.
2 Classes 61-63 excluding activity heading 6148; wholesale distribution of motor vehicles and parts.
3 Classes 64-65 excluding activity headings 6510 and 6520; retail distribution of motor vehicles and parts, and filling stations.
4 Unadjusted 1980 price stock levels.

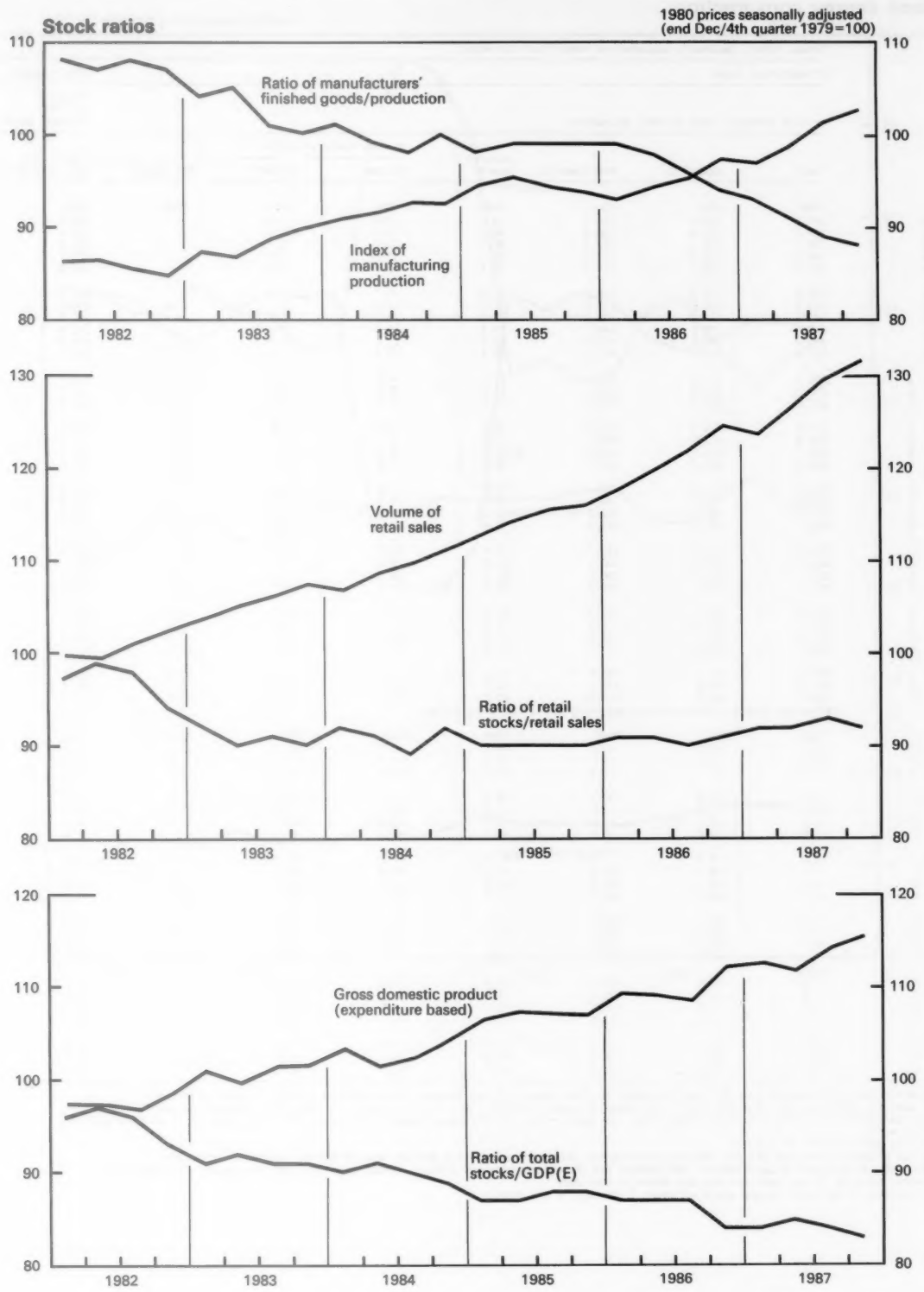
Stock ratios

Seasonally adjusted

1980 prices: stocks level, end - Dec 1979=100; GDP(E), industrial production and retail sales, 4th quarter 1979=100

		Total stocks to gross domestic product (expenditure based)	Manufacturers' stocks to manufacturing production (revised definition)				Retail stocks to retail sales(1)
			Total stocks	Materials and fuel	Work in progress	Finished goods	
		FDCA	FDCB	FDCC	FDCD	FDCE	FDCF
1982	3	96	103	95	108	108	98
	4	93	102	93	107	107	94
1983	1	91	99	88	106	104	92
	2	92	100	88	106	105	90
	3	91	96	85	104	101	91
	4	91	96	85	102	101	90
1984	1	90	95	84	102	101	92
	2	91	95	84	102	99	91
	3	90	94	84	101	98	89
	4	89	95	84	101	100	92
1985	1	87	92†	82†	97	98	90†
	2	87	92	82	96	99	90
	3	88	93	83	97	99	90
	4	88	92	83	95	99	90
1986	1	87†	92	84	95†	99	91
	2	87	92	83	95	98†	91
	3	87	90	82	94	96	90
	4	84	88	79	91	94	91
1987	1	84	88	79	91	93	92
	2	86	86	78	90	91	92
	3	84	85	77	89	89	93
	4	83	83	76	87	88	92

1 Classes 64-65 excluding activity headings 6510 and 6520, retail distribution of motor vehicles and parts, and filling stations.

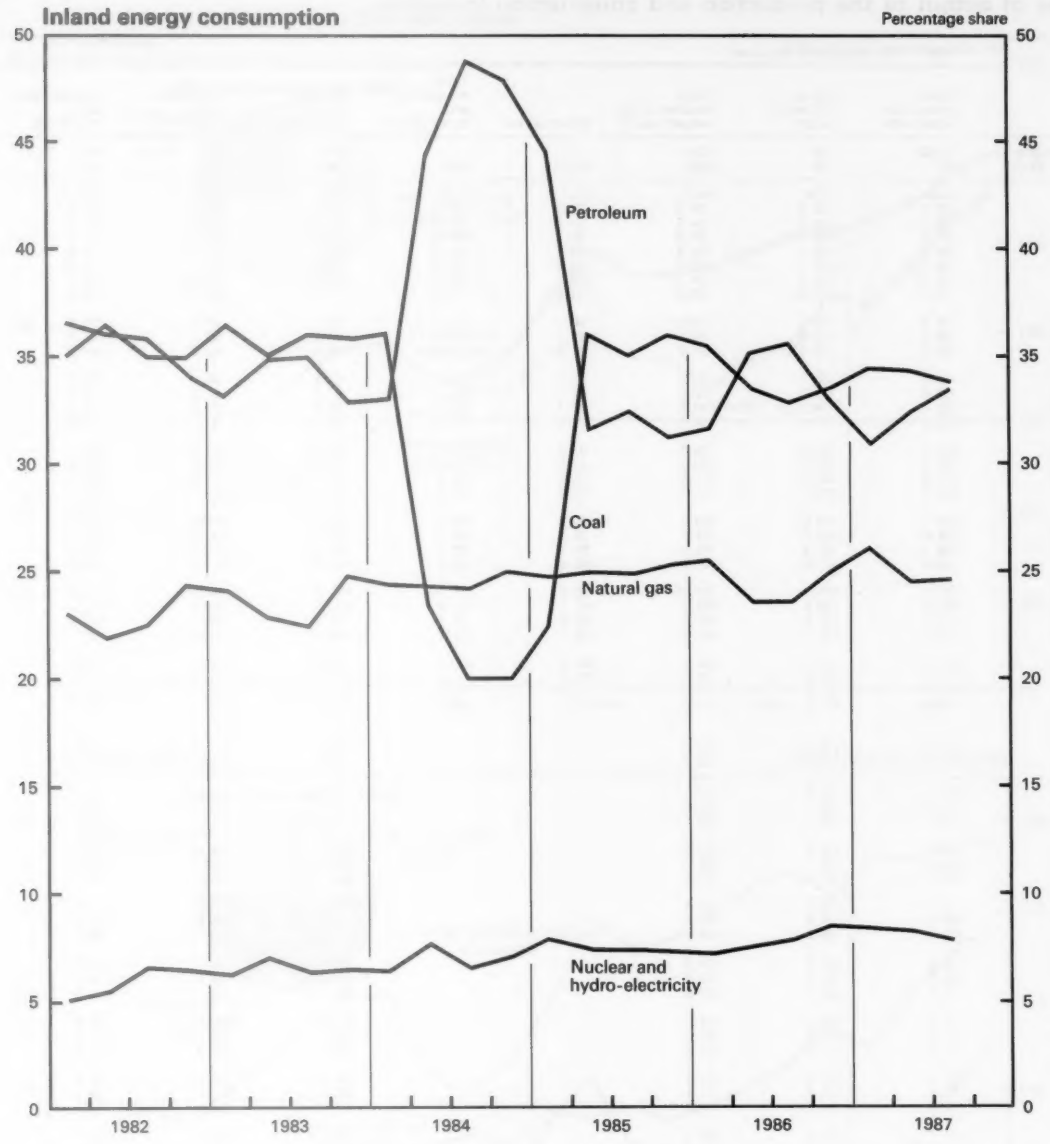

Stock ratios
1980 prices seasonally adjusted
(end Dec/4th quarter 1979=100)
Ratio of manufacturers' finished goods/production
Index of manufacturing production
Volume of retail sales
Ratio of retail stocks/retail sales
Gross domestic product (expenditure based)
Ratio of total stocks/GDP(E)
1982
1983
1984
1985
1986
1987

Inland energy consumption

Annual rates, seasonally adjusted and temperature corrected

		Primary fuel input							Public supply
		Million tonnes of coal or coal equivalent							Thousand million kilowatt hours
						Primary electricity(5)			
		Total	Coal(1,2)	Petroleum(3)	Natural gas(4)	Nuclear	Hydro(6)	Net imports	Electricity available-GB(7)
		FDAH	FDAI	FDAJ	FDAK	FDAL	FDAM	FDAW	FDAN
1976		331.5	123.0	134.2	59.5	12.9	1.9	-	236.7
1977		338.2	122.4	136.8	62.7	14.3	2.0	-	240.2
1978		339.1	119.4	139.2	65.0	13.4	2.1	-	246.3
1979		349.3	127.2	137.0	69.1	13.8	2.2	-	255.0
1980		327.2	120.1	121.2	70.5	13.4	2.0	-	245.9
1981		315.3	117.5	110.2	71.6	13.7	2.3	-	239.2
1982		311.7	109.6	110.6	72.9	16.0	2.4	-	236.2
1983		313.6	111.6	105.9	75.6	18.1	2.4	-	242.3
1984		312.1	76.5	134.7	77.3	19.5	2.1	-	246.0
1985		323.4	104.9	113.2	80.9	22.2	2.2	-	255.8
1986		327.8	110.8	111.1	80.4	21.4	2.4	1.7	261.3
1982	2	305.3	111.4	110.0	67.2	14.2	2.5	-	235.4
	3	317.7	111.3	113.7	71.8	18.8	2.1	-	243.5
	4	307.3	107.4	105.0	74.9	17.4	2.6	-	236.3
1983	1	311.0	113.1	103.0	75.3	16.8	2.8	-	238.4
	2	310.6	109.0	108.4	71.1	19.4	2.7	-	241.7
	3	322.1	116.3	112.6	72.6	18.9	1.7	-	248.4
	4	309.4	110.9	101.7	76.8	17.8	2.2	-	242.8
1984	1	312.3	112.8	103.1	76.6	17.5	2.4	-	242.3
	2	306.6	71.9	136.5	74.7	21.6	2.0	-	244.3
	3	312.4	62.6	152.8	76.0	19.5	1.4	-	250.3
	4	313.1	62.6	149.9	78.5	20.1	2.0	-	247.2
1985	1	319.6	72.0	143.0	79.4	23.3	2.1	-	263.9
	2	326.4	117.5	103.1	81.5	22.3	2.0	-	258.4
	3	328.0	115.1	106.6	81.7	22.3	2.1	-	260.2
	4	319.1	115.1	100.0	80.9	21.0	2.2	-	254.9
1986	1	324.8	115.2	103.0	83.3	21.0	2.2	0.2	258.3
	2	332.4	111.6	116.9	78.8	21.2	2.2	1.6	265.3
	3	326.8	107.1	116.6	77.6	21.8	2.4	1.3	260.4
	4	326.8	109.4	107.8	81.9	21.5	2.3	3.9	261.0
1987	1	325.4	112.4	100.8	85.1	21.2	2.3	3.7	263.9
	2	335.0	115.5	109.1	82.7	20.1	2.2	5.4	269.4
	3	339.0	114.9	113.9	83.7	19.6	2.2	4.7	272.7
		Percentage change, quarter on corresponding quarter of previous year							
		FDAO	FDAP	FDAQ	FDAR	FDAS	FDAT	FDAX	FDAU
1982	2	-2.0	-0.4	+1.3	-5.4	+0.4	+30.4	-	-1.5
	3	-0.5	-9.5	+0.1	+6.7	+40.2	+14.7	-	+0.6
	4	-1.8	-7.1	-2.2	+1.7	+25.5	+4.6	-	-1.7
1983	1	-1.4	+0.5	-10.0	+3.7	+23.9	+18.5	-	-0.8
	2	+1.6	-2.5	-1.5	+5.8	+36.7	+8.8	-	+2.7
	3	+0.9	+3.1	-1.0	+1.1	+0.5	-19.7	-	+2.0
	4	+1.0	+4.3	-3.1	+2.5	+2.3	-14.0	-	+2.8
1984	1	+0.4	-0.2	-	+1.7	+4.3	-15.8	-	+2.5
	2	-1.3	-34.0	+25.9	+5.0	+10.9	-25.8	-	+1.1
	3	-3.0	-46.1	+35.8	+4.7	+2.8	-15.6	-	+0.8
	4	+1.2	-43.5	+47.5	+2.2	+12.6	-9.6	-	-1.2
1985	1	+2.3	-36.2	+38.7	+3.6	+33.3	+11.9	-	+3.1
	2	+6.3	+63.4	-24.4	+9.1	+3.6	-15.8	-	+5.8
	3	+4.7	+83.8	-30.3	+7.5	+4.2	-7.0	-	+4.0
	4	+1.9	+83.8	-33.3	+2.9	+4.7	+5.8	-	+3.1
1986	1	+1.6	+60.0	-28.0	+4.9	-10.0	+6.8	+	+3.4
	2	+1.8	-5.0	+13.4	-3.4	-5.2	+14.2	+	+2.6
	3	-0.4	-7.0	+9.4	-5.0	-1.9	+14.6	+	+0.1
	4	+2.4	-5.0	+7.8	+1.2	+2.5	+5.8	+	+2.4
1987	1	+0.2	-2.4	-2.1	+1.8	+0.9	+2.3	+	+2.2
	2	+0.8	+3.2	-6.7	+4.9	-5.0	-0.2	+	+1.6
	3	+3.7	+7.3	-2.3	+7.8	-10.3	-5.9		+4.7

1 Consumption by fuel producers plus colliery disposals to final users plus net foreign trade and stock change in other solid fuels.
2 Coal data for 1983 have been adjusted, for the purposes of comparison with 1984, to take account of calendar differences between 1983 and 1984.
3 Inland deliveries for energy use plus refinery fuel and losses minus the difference between deliveries and actual consumption at power stations and gas works.
4 Excluding gas flared or re-injected.
5 Data for primary electricity are not temperature corrected, and hydro electricity and net imports are not seasonally adjusted.
6 Hydro electricity quarterly data from Q1 1985 onwards are the estimated annual outturn. Comparisons with 1984 are based on corresponding estimated outturns in that year,not the data shown in the table.
7 The inclusion of Northern Ireland would add about 2 per cent to the total.


Inland energy consumption
Percentage share
50
45
40
35
30
25
20
15
10
5
0
Petroleum
Coal
Natural gas
Nuclear and
hydro-electricity
1982
1983
1984
1985
1986
1987

Index of output of the production and construction industries

1980 = 100, seasonally adjusted

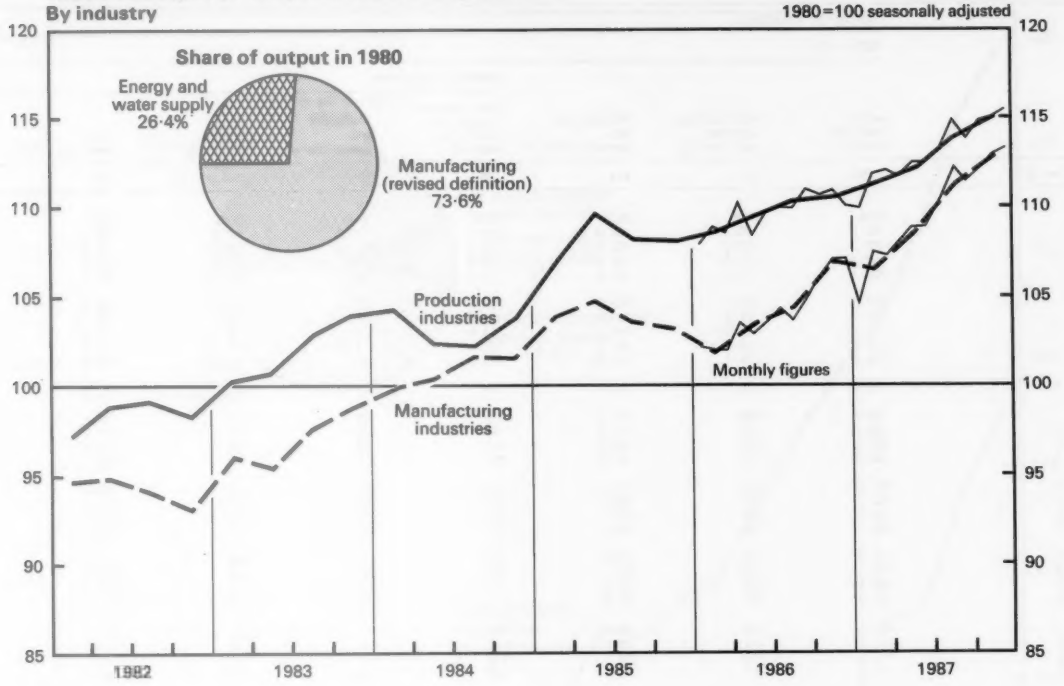
		Total production industries	Energy and water supply	Total Manufacturing industries(1)	Construction	Total production and construction	Consumer goods industries	Investment goods industries	Intermediate goods industries
1980 weights		1 000	264	736			245	243	512
PPT of GDP(0)		381	95	266	63(2)	424	88	88	185
		DVIM	DVIN	DVIS	DVJO	DVJN	DVJP	DVJV	DVJZ
1981		96.6	103.8	94.0	89.9	95.6	96.4	91.3	99.2
1982		98.4	110.0	94.2	91.6	97.4	95.9	92.4	102.3
1983		101.9	115.9	96.9	95.3	100.9	98.9	92.9	107.6
1984		103.3	110.2	100.9	96.5	102.6	101.7	97.3	106.9
1985		108.1	120.1	103.8	99.8	106.8	103.6	103.1	112.6†
1986		109.7†	125.2	104.1†	102.1	108.6	106.0	99.8†	116.0
1987		113.1	122.5†	109.8	110.6†	112.8†	111.1	103.8	118.4
1982	2	98.9	110.0	94.9	90.6	97.7	95.7	93.7	102.9
	3	99.2	113.5	94.1	92.6	98.2	96.0	92.3	103.8
	4	98.2	112.3	93.2	94.3	97.6	95.6	90.6	102.9
1983	1	100.4	112.7	96.0	93.7	99.4	97.8	93.6	104.8
	2	100.6	115.2	95.4	92.1	99.3	97.5	90.9	106.7
	3	102.9	117.7	97.6	97.7	102.1	99.9	93.0	109.1
	4	103.9	117.9	98.8	97.8	103.0	100.3	94.3	110.0
1984	1	104.3	116.6	99.8	97.8	103.3	100.8	95.2	110.2
	2	102.8	109.5	100.4	98.3	102.1	101.8	96.6	106.3
	3	102.6	105.2	101.6	99.6	102.2	102.4	98.3	104.7
	4	103.6	109.4	101.5	98.2	102.8	101.8	99.3	106.4
1985	1	108.7	114.6†	103.8	100.3	105.7	103.8	103.2	109.6
	2	109.5†	123.2	104.7	99.5	108.1	103.4	105.8	114.4
	3	108.1	120.9	103.5	98.7	106.7	104.0	101.9	113.0
	4	108.0	121.9	103.0	100.8	106.9	103.4†	101.6	113.3†
1986	1	108.5	126.4	102.0†	98.9	107.1†	104.0	99.0†	114.9
	2	109.5	126.8	103.3	101.7	108.3	105.2	99.4	116.2
	3	110.3	127.0	104.3	102.8	109.2	106.4	99.1	117.3
	4	110.5	120.7	106.9	105.1	109.7	106.4	101.6	115.7
1987	1	111.3	124.7	106.5	109.8	111.1	107.6	100.8	117.9
	2	112.2	122.3	108.6	107.0	111.4	110.3	101.8	118.0
	3	114.0	121.3	111.3	110.9†	113.5	112.6	105.1	118.7
	4	115.1	121.6	112.8	114.7	115.0	113.9	107.7	119.1
1985	A	107.5	118.3†	103.6	..	..	104.0	101.8	111.9
	S	109.7†	125.3	104.1	..	..	104.5	103.2	115.3†
	O	108.6	123.9	103.1†	..	..	102.6†	102.5	114.3
	N	108.8	126.1	102.6	..	..	103.7	100.0	115.5
	D	106.6	115.7	103.4	..	..	103.8	102.4	110.0
1986	J	107.9	123.6	102.2	..	..	103.0	99.6†	113.9
	F	108.9	128.1	102.0	..	..	104.3	98.9	115.6
	M	108.6	127.4	101.9	..	..	104.7	98.6	115.2
	A	110.3	129.1	103.5	..	..	105.6	99.1	117.6
	M	108.5	124.5	102.8	..	..	104.7	98.9	114.8
	J	109.7	126.8	103.6	..	..	105.2	100.1	116.2
	J	110.0	125.8	104.3	..	..	106.0	99.8	116.6
	A	109.9	127.2	103.7	..	..	106.2	98.4	117.1
	S	111.0	128.1	104.8	..	..	107.0	99.2	118.3
	O	110.7	123.1	106.2	..	..	107.8	100.2	116.9
	N	110.9	121.4	107.1	..	..	109.1	102.2	115.8
	D	110.0	117.6	107.3	..	..	108.4	102.3	114.3
1987	J	109.9	124.8	104.6	..	..	106.8	98.8	116.6
	F	111.8	123.8	107.5	..	..	108.4	101.3	118.3
	M	112.1	125.5	107.3	..	..	107.7	102.3	118.7
	A	111.7	121.8	108.1	..	..	110.0	101.1	117.4
	M	112.5	122.8	108.8	..	..	110.6	101.8	118.4
	J	112.5	122.4	108.9	..	..	110.3	102.4	118.1
	J	113.2	121.3	110.3	..	..	112.2	102.5	118.7
	A	114.9	122.3	112.3	..	..	113.3	106.8	119.5
	S	113.8	120.3	111.4	..	..	112.4	106.0	117.8
	O	114.8	121.9	112.2	..	..	113.5	105.9	119.4
	N	115.1	121.1	112.9	..	..	113.5	107.5	119.2
	D	115.5	121.7	113.3	..	..	114.6	109.6	118.6
1988	J	114.8	118.5	113.5	..	..	114.4	105.5	119.2

1 The figures for manufacturing industries contain an adjustment for stock changes and for measurement bias - see Annual Supplement 1987 edition.
2 For an index of construction output for Great Britain, see page 30.

Index of output of the production industries

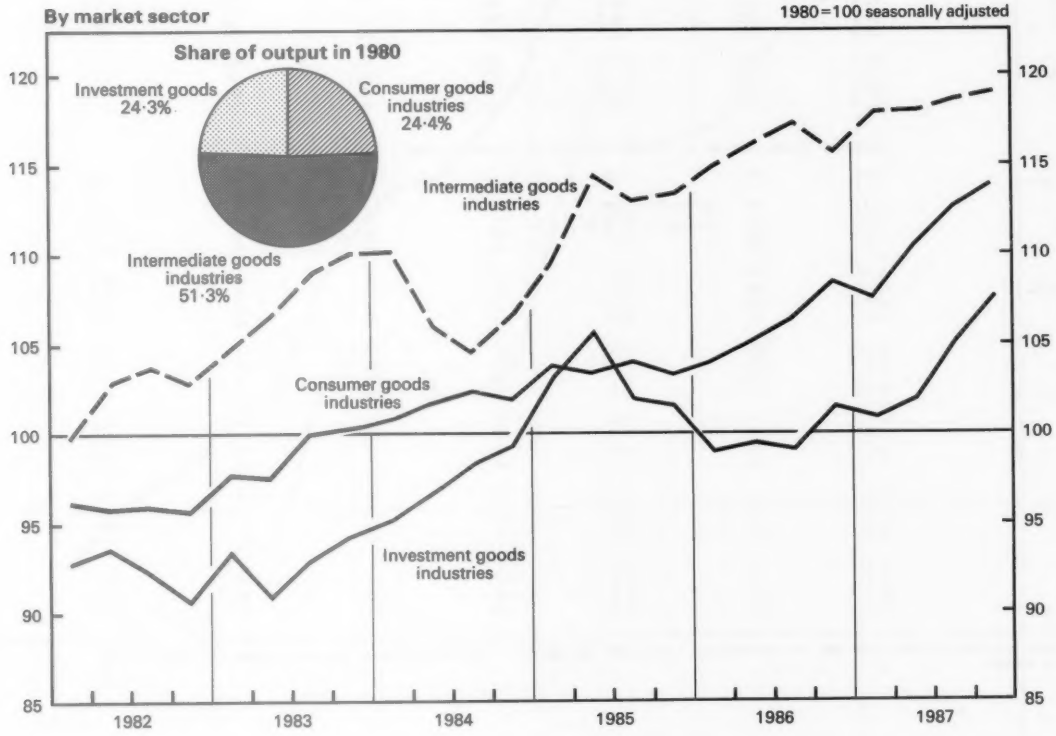
By industry

1980=100 seasonally adjusted



By market sector

1980=100 seasonally adjusted



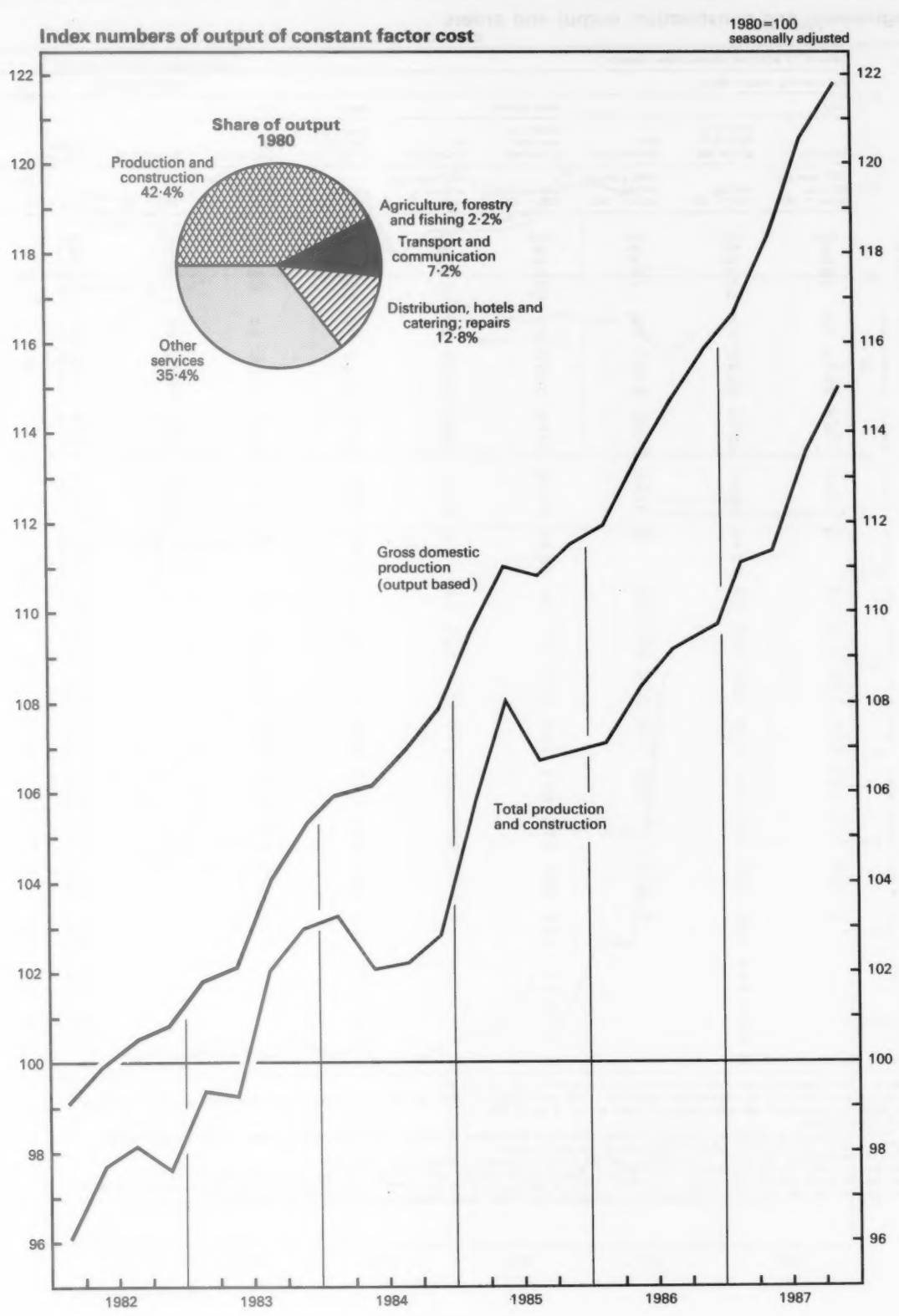
Index numbers of output at constant factor cost

Seasonally adjusted

1980 = 100

		Gross domestic product	Agriculture, forestry and fishing	Production and construction(1)	Service industries: Distribution, hotels and catering; repairs	Service industries: Transport and communication	Service industries: Other services	Service industries: Total services
1980 weights		1 000	22	424	128	72	354	554
		DSAE	CKAP	DVJN	CKAQ	CKAR	CKAS	CKCE
1979		102.9	90.1	106.9	106.5	101.3	97.9	100.4
1980		100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981		98.4	102.6	95.6	98.4	100.2	101.1	100.3
1982		100.1	111.2	97.4	100.3	99.2	102.8	101.7
1983		103.3	105.2	100.9	104.6	102.1	105.6	105.0
1984		106.7	122.3	102.6	109.5	106.4	109.8	109.2†
1985		110.7†	116.5†	106.8	114.8	112.1	113.2	113.4
1986		113.9	118.0	108.6	120.4†	117.2†	117.1†	117.9
1987		119.4	115.7	112.8†	129.4	126.1	122.5	124.5
1981	4	99.0	105	96.5	97	102	102	100.6
1982	1	99.1	109	96.1	99	99	102	101.1
	2	99.9	112	97.7	99	100	102	101.2
	3	100.5	113	98.2	101	98	103	101.8
	4	100.8	111	97.8	102	100	104	102.7
1983	1	101.8	105	99.4	103	101	104	103.8
	2	102.1	102	99.3	103	102	105	104.2
	3	104.0	104	102.1	105	103	106	105.5
	4	105.2	110	103.0	107	104	107	106.6
1984	1	105.9	118	103.3	108	104	108	107.5
	2	106.1	124†	102.1	109	105	109	108.4
	3	106.9†	125	102.2	110	107	110	109.7
	4	107.8	122	102.8	112	109	111	111.0
1985	1	109.5	118	105.7	113	111	112	112.1
	2	111.0	116	106.1	114	112	113	113.0
	3	110.8	116	106.7	115	112	113	113.7
	4	111.5	117	106.9	116	113	114†	114.8
1986	1	111.9	118	107.1†	117	114	115	115.3†
	2	113.4	118	108.3	119	117	116	117.1
	3	114.7	118	109.2	122	117	118	118.7
	4	115.8	117	109.7	124	120	119	120.4
1987	1	116.7	116	111.1	125†	119	120	121.1
	2	118.4	116	111.4	128	126†	122	123.9
	3	120.6	116	113.5	132	128	124	126.3
	4	121.8	116	115.0	133	131	124	127.2
		Percentage change, quarter on corresponding quarter of previous year						
1981	4	+1.5	+4	+1.5	-	+5	+1	+1.4
1982	1	+1.4	+8	+1.4	+1	-	+2	+1.2
	2	+2.0	+11	+3.0	+1	+1	+1	+1.1
	3	+1.6	+10	+2.0	+2	-3	+2	+1.1
	4	+1.8	+5	+1.1	+4	-2	+2	+2.2
1983	1	+2.7	-4	+3.4	+4	+2	+2	+2.4
	2	+2.1	-9	+1.6	+4	+2	+3	+2.9
	3	+3.5	-8	+4.0	+5	+4	+3	+3.7†
	4	+4.3†	-1	+5.5	+5	+4	+3	+3.8
1984	1	+4.0	+12†	+3.9	+5	+3	+4	+3.8
	2	+3.9	+22	+2.8	+5	+3	+4	+4.1
	3	+2.8	+21	+0.1	+4	+5	+4	+4.0
	4	+2.5	+10	-0.2	+5	+6	+4	+4.1
1985	1	+3.4	-	+2.3	+5	+7	+4	+4.3
	2	+4.6	-7	+5.9	+5	+7	+4†	+4.3
	3	+3.7	-8	+4.4	+5	+5†	+3	+3.6
	4	+3.4	-4	+4.0	+4	+3	+3	+3.4
1986	1	+2.2	-	+1.3†	+3	+3	+3	+2.9
	2	+2.2	+2	+0.2	+4	+4	+3	+3.6
	3	+3.5	+2	+2.3	+6	+4	+4	+4.4
	4	+3.9	+1	+2.6	+6	+6	+4	+4.9
1987	1	+4.3	-2	+3.7	+7	+4	+4	+5.0
	2	+4.4	-2	+2.9	+7	+8	+5	+5.8
	3	+5.2	-2	+3.9	+8	+10	+5	+6.3
	4	+5.2	-1	+4.8	+7†	+9	+4	+5.7

1 The latest revisions to this column may not yet have been fully taken into account in the calculation of the series shown for overall gross domestic product.

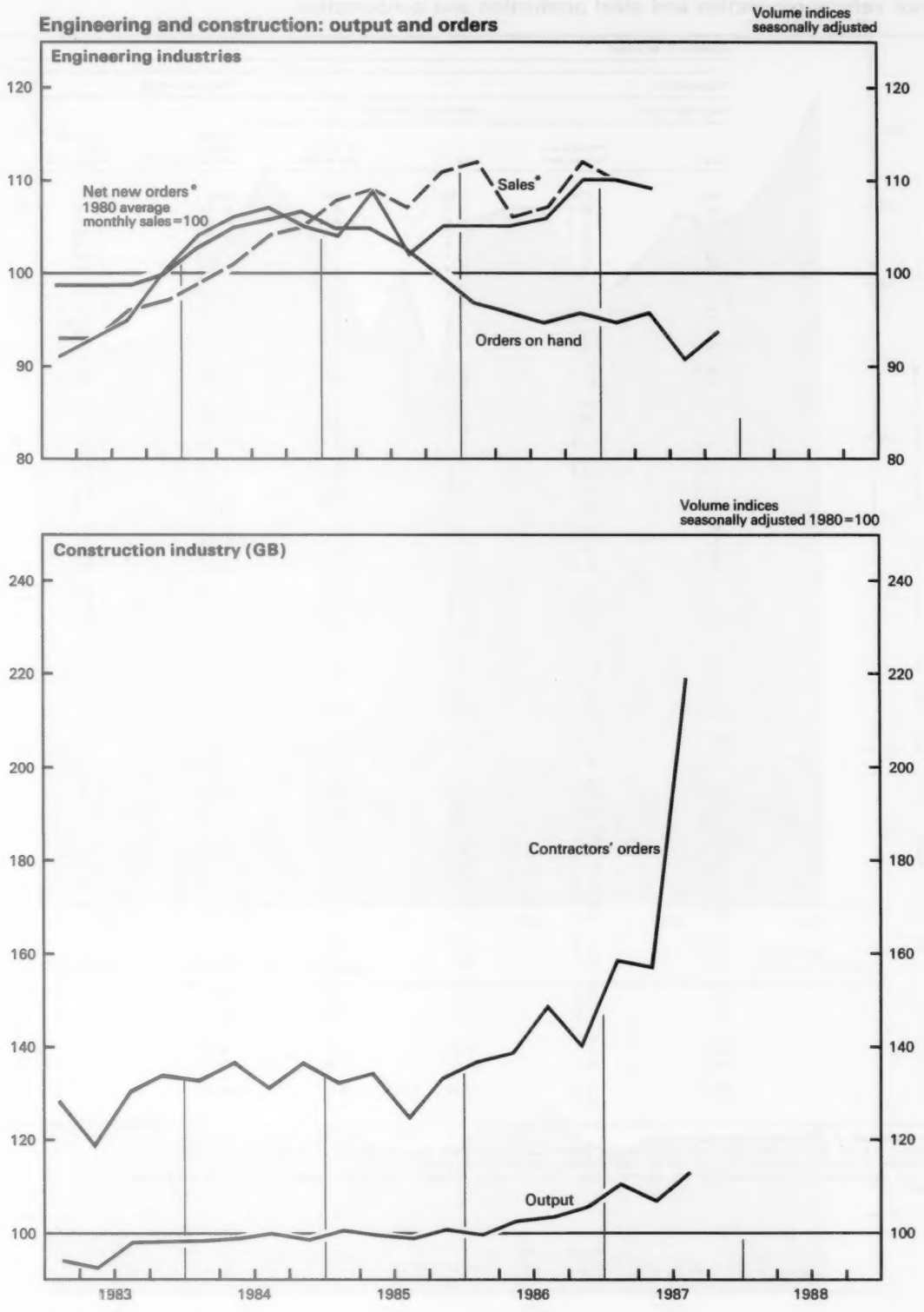

Index numbers of output of constant factor cost
1980=100
seasonally adjusted
Share of output
1980
Production and construction 42·4%
Agriculture, forestry and fishing 2·2%
Transport and communication 7·2%
Distribution, hotels and catering; repairs 12·8%
Other services 35·4%
Gross domestic production (output based)
Total production and construction
122
120
118
116
114
112
110
108
106
104
102
100
98
96
1982
1983
1984
1985
1986
1987

Engineering and construction: output and orders

		Seasonally adjusted volume index numbers								
		Engineering industries(1)							Construction(GB)	
		Total			Home market		Export			
		Sales(2)	Orders on hand end of period	New orders(2,3)	Orders on hand end of period	New orders(2,3)	Orders on hand end of period	New orders(2,3)	Output(4,5)	Orders received
		1980 average monthly sales = 100	Average 1980 = 100	1980 average monthly sales = 100	Average 1980 = 100	1980 average monthly sales = 100	Average 1980 = 100	1980 average monthly sales = 100	1980 = 100	1980 = 100
		FEAJ	DKCJ	FEAL	FEAV	FEAN	FEAX	FEAP	FEAQ	FEAZ
1983		95	100	95	98	96	104	94	95.7	128.8
1984		102	106†	106	99	103	119†	110	99.0	135.2
1985		108	100	105	91	104	114	108	100.1	131.9
1986		110	96	106	88	110	108	100	102.8	141.7
1987			94		87†		106		111.4†	172.7 (8)†
1983	3	96	99	95	97	101	102	84	98.2	131.1
	4	97	100	100	98	100	104	99	98.3	134.8
1984	1	99	103	104	100	105	108	102	98.4	133.8
	2	101	105	106	100	102	113†	113	99.0	137.6
	3	104	106	107	99	102	119	115	100.0	131.9
	4	105	108†	105	99	103	119	110	98.4	137.2
1985	1	108	105	104	98	103	118	107	100.6	132.9
	2	109	105	109	95	110	121	126	99.7	135.0
	3	107	103	102	93	102	120	105	99.0	125.6
	4	111	100	105	91	110	114	96	101.1	134.1
1986	1	112	97	105	89	111	110	95	99.5	137.8
	2	106	96	105	90	112	106	91	102.4	139.2
	3	107	95	106	90	110	104	97	103.4	149.5
	4	112	96	109	88	108	108	118	105.8	140.4
1987	1	110	95	103	89	104	106	103	110.5	159.2
	2		95		89		107		107.9†	157.6
	3		94		86†		107		111.6	220.3 (7)
	4		94		87		106		115.6	153.9†
1985	A	108	103	104	94	105	119	100	..	122.0
	S	107	103	102	93	98	120	112	..	124.6
	O	109	101	100	91	102	117†	98	..	149.8
	N	111	100	106	91	110	115	97	..	136.4
	D	112	100	109	91	118	114	92	..	116.0
1986	J	107	98	99	91†	104	112	88	..	145.6
	F	109	98	105	90	108	111	97	..	133.6
	M	120	97	113	89	120	110	100	..	134.1
	A	101	96	100	89	107	108	85	..	145.3
	M	109	97†	107	90	115	107	91	..	130.6
	J	108	96	108	90	114	106	96	..	141.6
	J	108	95	103	89	110	105	90	..	174.4
	A	106	95	106	89	111	105	96	..	133.6
	S	110	95	110	90	113	104	103	..	140.6
	O	111	95	107	90	109	103	102	..	141.7
	N	114	94	110	88	106	104	117	..	142.4
	D	111	96	110	88	108	108	114	..	137.1
1987	J	107	98	110	88	104	109	122	..	177.0
	F	110	97	103	90	108	108	92	..	146.1
	M	112	95	96	89	100	106	88	..	154.6
	A	112	95	106	88	105	105	107	..	148.2
	M		95		88		106		..	178.2
	J		95		89		107		..	146.3
	J		95		87		107		..	305.0 (6)
	A		95		87		108		..	192.5
	S		94		86		107		..	163.2
	O		94		86		108		..	156.4
	N		94		87		107		..	150.4†
	D		94		87		106		..	154.9
1988	J		96		88		109		..	194.1

1 Mechanical, instrument and electrical engineering (SIC classes 32, 33, 34 and 37).
2 Following discussions with the Engineering Industries it has been agreed to cease publication of sales and net new orders series from May 1987. It is hoped to introduce a new presentation of these series in early 1988.
3 Net of cancellations.
4 This index is based on an output series which includes repair and maintenance estimates, unrecorded output by small firms and self-employed workers and output by the direct labour departments of the public sector.
5 Details of the method of deflation to constant prices are given in Economic Trends, No.297, July 1978.
6 Orders for July 1987 include the Channel Tunnel project. Excluding the Channel Tunnel project the level of orders would be 188.8.
7 Orders for the third quarter 1987 include the Channel Tunnel project. Excluding the Channel Tunnel project the level of orders would be 181.5.
8 Orders for 1987 include the Channel Tunnel project. Excluding the Channel Tunnel project the level of orders would be 163.1.

Engineering and construction: output and orders



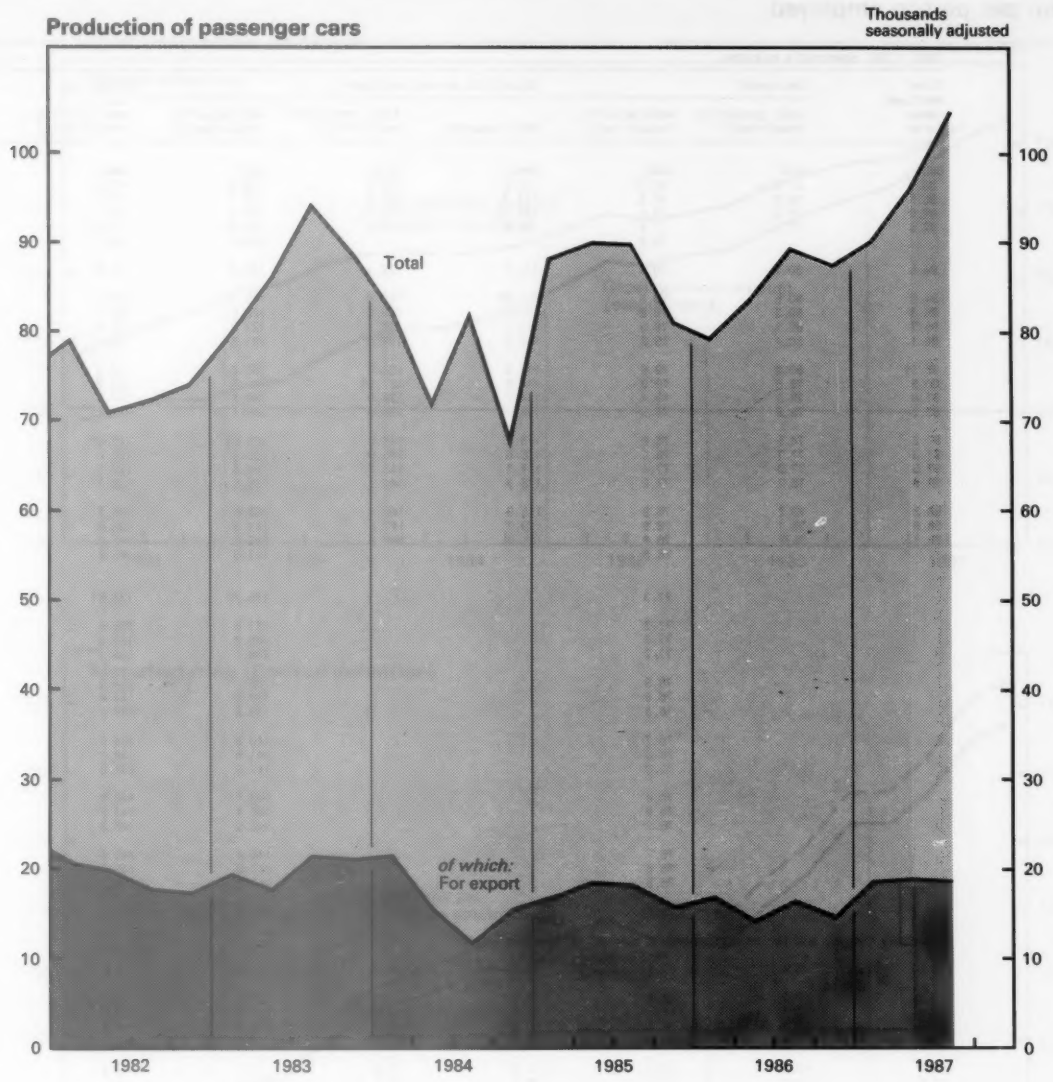
*See footnote [2] on page 30

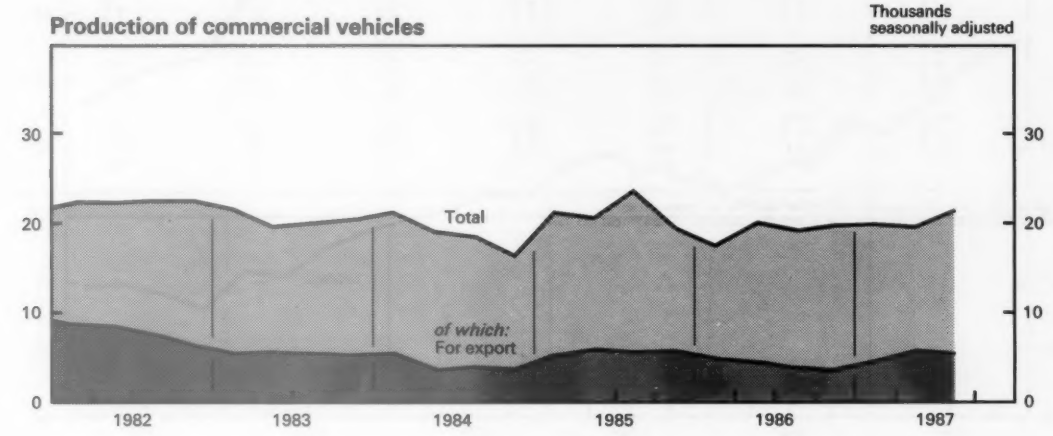
Motor vehicle production and steel production and consumption

Seasonally adjusted

		Thousands(1)				Thousand tonnes	
		Passenger cars*		Commercial vehicles*			
		Total	Production for export	Total	of which: For export	Crude steel production(2,3,4)	Finished steel consumption
		FFAO	FFAP	FFAQ	FFAR	FFAM	FFAN
1977		109.7	46.9	33.2	16.4	20 411	15 300
1978		101.9	41.2	32.0	14.1	20 311	15 710
1979		89.2	32.7	34.0	13.5	21 464	15 480
1980		77.0	29.1	32.4	13.0	11 277	12 770
1981		79.5	25.4	19.1	9.5	15 573	12 440
1982		74.0	18.9	22.4	7.7	13 704	12 240
1983		87.0	19.8	20.4	5.2	14 986	11 510
1984		75.7	16.0	18.7	4.1	15 121	11 340
1985		87.3	17.3	22.2	5.5	15 722	11 560
1986		84.9	15.6	19.1	4.1	14 725	11 840
1987		95.2	18.9	20.6	5.1		
1983	3	94.1	21.2	20.0	5.3	3 690	2 820
	4	89.1	21.0	20.2	5.1	3 882	2 980
1984	1	82.4	21.4	21.2	5.3	3 963	2 850
	2	71.3	15.5	19.0	3.7	3 604	2 720
	3	82.1	11.8	18.6	3.9	3 743	2 910
	4	67.2	15.4	16.1	3.7	3 768	2 860
1985	1	89.2	15.6	21.5	5.1	3 714	2 820
	2	90.8	18.7	23.8	5.6	4 117	2 820
	3	86.8	17.7	23.5	5.4	3 920	2 910
	4	82.5	17.2	19.8	5.8	3 965	3 010
1986	1	80.2	16.2	17.2	4.8	3 787	2 950
	2	84.3	14.6	19.4	4.2	3 256	3 000
	3	86.6	16.3	18.8	3.8	3 436	2 980
	4	88.6	15.4	20.8	3.8	4 244	2 910
1987	1	92.7	18.5	20.3	4.6	3 989	2 850
	2	95.0	19.0	18.5	5.1	4 392	2 980
	3	101.6	18.9	21.4	5.4	4 673	3 360
	4	91.6	19.1	22.1	5.1		
1985	D	95.2	21.1	21.1	6.5	1 153.0	..
1986	J	80.2	15.5	16.9	5.3	1 493.0	..
	F	75.6	16.7	15.9	4.6	1 119.0	..
	M	84.7	16.4	18.9	4.5	1 176.0	..
	A	82.0	14.5	18.0	4.2	1 323.0	..
	M	85.8	13.7	20.3	4.5	960.0	..
	J	85.2	15.7	19.9	3.9	973.0	..
	J	83.7	14.8	19.1	3.9	1 220.0	..
	A	81.9	17.4	18.6	3.5	955.0	..
	S	94.1	16.8	18.6	3.9	1 261.0	..
	O	81.1	12.0	19.4	3.7	1 593.0	..
	N	87.5	16.3	18.4	3.7	1 266.0	..
	D	97.3	17.8	24.6	4.0	1 387.0	..
1987	J	85.7	16.4	19.8	4.1	1 493.0	..
	F	90.1	19.0	19.7	4.1	1 270.0	..
	M	102.3	20.2	21.3	5.7	1 226.0	..
	A	87.8	17.9	17.0	4.8	1 724.0	..
	M	95.8	19.0	18.9	5.4	1 281.0	..
	J	101.5	20.0	19.6	5.0	1 388.0	..
	J	101.2	19.4	19.1	5.0	1 674.0	..
	A	101.3	17.6	21.8	5.2	1 318.0	..
	S	102.2	19.6	23.3	6.0	1 681.0	..
	O	95.0	20.0	21.5	4.8	1 401.0	..
	N	86.4	18.2	21.8	5.0	1 425.0	..
	D	93.3	19.1	23.1	5.6	1 856.0	..
1988	J	106.6†	15.9†	22.6†	6.0†	1 622.0†	..
	F	84.7	16.0	15.1	4.6		..

1 Monthly averages or standardised calendar months.
2 The totals are for 'usable steel' in accordance with the system used by the EC and the International Iron and Steel Institute.
3 The seasonally adjusted quarterly figures are not constrained to sum to the annual totals.
4 May, July and October 1985 are 5 week periods, as are January, April, July and October 1986, as are January, April, July and September and December 1987.


Production of passenger cars
Thousands
seasonally adjusted
100
90
80
70
60
50
40
30
20
10
0
Total
of which:
For export
1982
1983
1984
1985
1986
1987

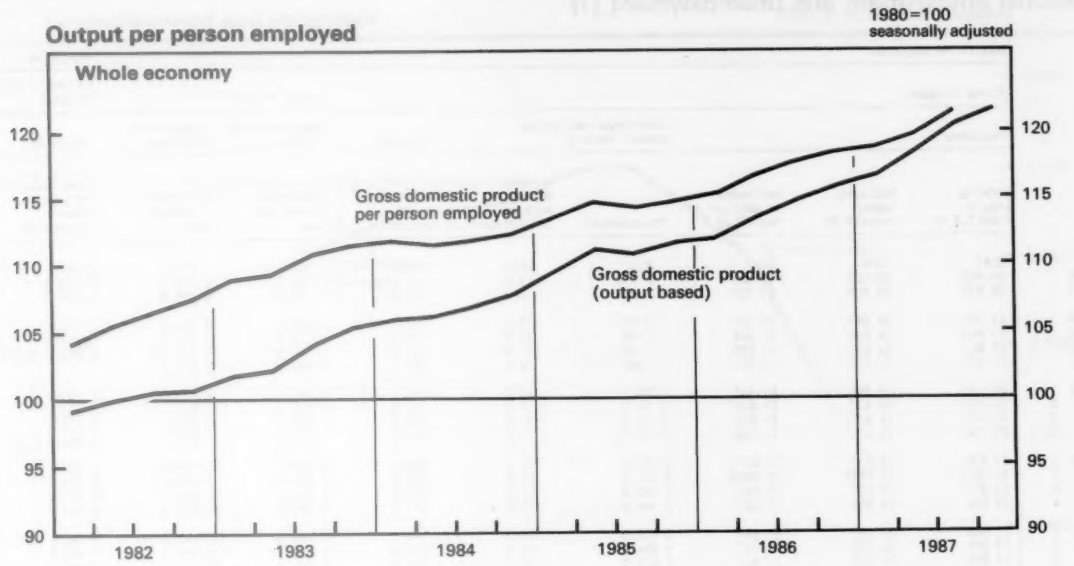

Production of commercial vehicles
Thousands
seasonally adjusted
30
20
10
0
Total
of which:
For export
1982
1983
1984
1985
1986
1987

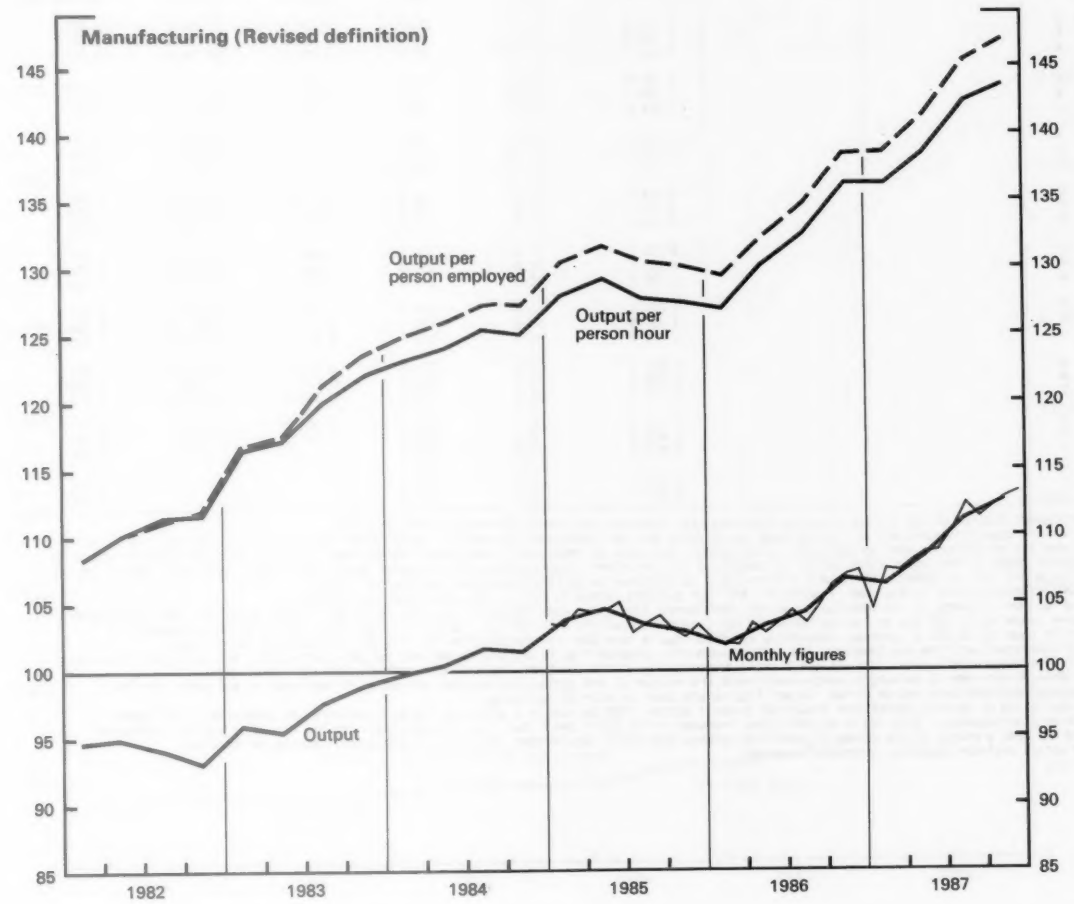
Output per person employed

1980 = 100, seasonally adjusted

		Total employed labour force	Employment		Output per person employed(1)			Output per hour in manufacturing industries(2)
			Total production industries(2)	Manufacturing industries(2)	Whole economy	Total production industries(2)	Manufacturing industries(2)	
		DMBC	DMBK	DMBD	DMBE	CAIW	DMBF	DMBH
1983		93.9	81.8	81.0	110.0	124.7	119.8	118.9
1984		95.5	80.3	79.8	111.7	128.7	126.4	124.4
1985		96.9	79.6	79.5	114.2†	135.7†	130.6	128.1
1986		97.5	77.5	77.9	116.9	141.6	133.8†	131.5†
1987				76.8			143.0	140.1
1983	4	94.5	80.9	80.1	111.3	128.4	123.4	121.9
1984	1	94.9	80.5	79.8	111.6†	129.6	125.1	123.3
	2	95.3	80.3	79.8	111.3	128.0	126.0	124.1
	3	95.7	80.1	79.9	111.7	128.1	127.3	125.3
	4	96.1	80.1	79.8	112.2	129.3	127.3	125.1
1985	1	96.5†	80.0	79.6	113.5	133.4	130.4	128.0
	2	96.9	79.8	79.6	114.6	137.2†	131.6	129.2
	3	97.0	79.5	79.4	114.2	136.0	130.4	127.8
	4	97.2	79.2	79.3	114.7	136.4	130.1	127.4
1986	1	97.2	78.5	78.8	115.2	135.2	129.5†	127.0†
	2	97.3	77.7	78.1	116.6	140.9	132.3	130.2
	3	97.5	77.0	77.4	117.7	143.2	134.8	132.5
	4	97.9	76.7	77.2	118.3	144.1	138.5	136.2
1987	1	98.3	76.2	76.9	118.8	146.1	138.6	136.2
	2	98.9	76.1	76.9	119.7	147.4	141.3	138.6
	3	99.3	75.9	76.8	121.5	150.2	145.2	142.2
	4			76.8			147.0	143.6
1986	S	..	..	77.3	..	..	135.7†	133.5†
	O	..	..	77.2	..	..	137.6	135.5
	N	..	..	77.3	..	..	138.7	136.3
	D	..	..	77.2	..	..	139.1	136.7
1987	J	..	..	76.9	..	..	136.1	134.0
	F	..	..	76.9	..	..	139.9	137.4
	M	..	..	76.8	..	..	139.8	137.1
	A	..	..	76.7	..	..	140.9	138.2
	M	..	..	76.9	..	..	141.6	139.0
	J	..	..	77.0	..	..	141.5	138.6
	J	..	..	76.8	..	..	143.7	140.9
	A	..	..	76.8	..	..	146.4	143.3
	S	..	..	76.7	..	..	145.4	142.3
	O	..	..	76.7	..	..	146.4	142.9
	N	..	..	76.8	..	..	147.0	143.7
	D	..	..	76.8	..	..	147.6	144.1
1988	J	..	..	76.8†	..	..	147.8	143.8
		Percentage change, quarter on corresponding quarter of previous year						
1983	4	+0.6	-3.9	-3.9	+3.7	+10.1	+10.3	+9.0
1984	1	+1.5	-3.0	-2.8	+2.5	+7.1	+7.0	+5.7
	2	+1.8	-2.1	-1.8	+2.0	+4.3	+7.2	+6.0
	3	+1.8	-1.5	-0.8	+0.9	+1.2	+5.0	+4.3
	4	+1.7	-1.0	-0.5	+0.8	+0.7	+3.2	+2.8
1985	1	+1.7	-0.6	-0.3	+1.7	+2.9	+4.2	+3.8
	2	+1.7	-0.6	-0.3	+3.0	+7.2	+4.4	+4.1
	3	+1.4	-0.7	-0.6	+2.2	+6.2	+2.5	+2.0
	4	+1.1	-1.1	-0.6	+2.2	+5.5	+2.1	+1.8
1986	1	+0.7	-1.9	-1.0	+1.5	+3.8	-0.7	-0.7
	2	+0.4	-2.6	-1.8	+1.7	+2.7	+0.6	+0.8
	3	+0.5	-3.1	-2.6	+3.1	+5.3	+3.4	+3.7
	4	+0.7	-3.2	-2.6	+3.1	+5.6	+6.5	+6.9
1987	1	+1.1	-2.9	-2.5	+3.1	+5.7	+7.0	+7.2
	2	+1.6	-2.1	-1.6	+2.7	+4.6	+6.8	+6.5
	3	+1.8	-1.4	-0.8	+3.2	+4.9	+7.7	+7.3
	4			-0.6			+6.2	+5.4

1 The ratios do not take into account part-time working or hours of work.
2 Industries are grouped according to the Standard Industrial Classification 1980.


Output per person employed
1980=100
seasonally adjusted
Whole economy
Gross domestic product
per person employed
Gross domestic product
(output based)
120
115
110
105
100
95
90
1982
1983
1984
1985
1986
1987

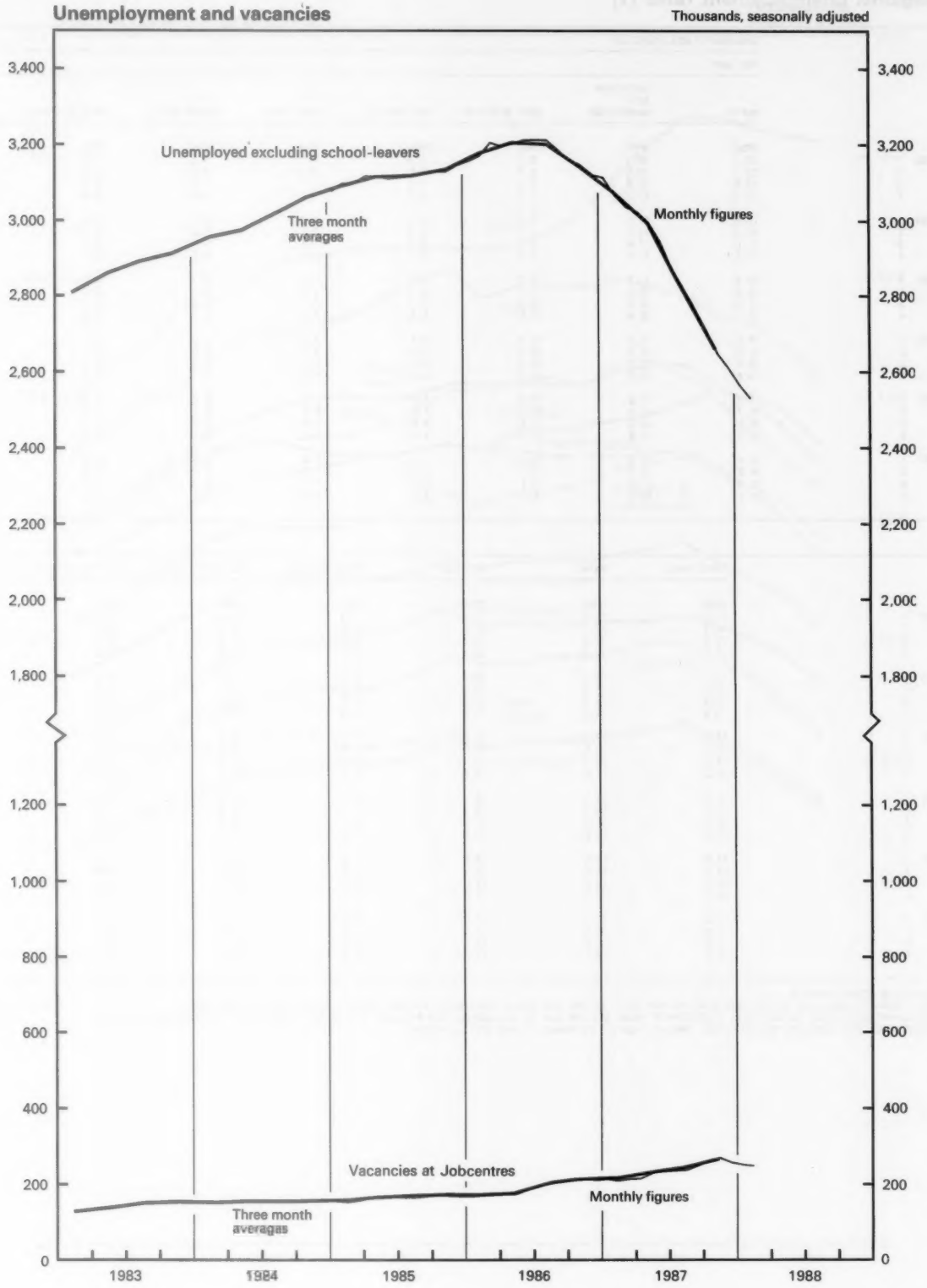

Manufacturing (Revised definition)
Output per
person employed
Output per
person hour
Monthly figures
Output
145
140
135
130
125
120
115
110
105
100
95
90
85
1982
1983
1984
1985
1986
1987

National employment and unemployment (1)

		Seasonally adjusted								Unadjusted
		United Kingdom						Great Britain		United Kingdom
		Thousands			Unemployed excluding school leavers		Thousands	Manufacturing industry	Production industry	Thousands
		Working population(2,3,4)	Employed labour force(2,3)	Employees in employment(2,3)	Thousands(4)	Percentage of working population(4,5)	Vacancies at job centres*(6,7,8)	Employees in employment	Employees in employment	Total unemployed including school-leavers(4)
		BCAI	FGAB	BCAJ	BCJD	BCJE	DPCB	BCHK	DYCP	BCJA
1982		26 609	23 868	21 394	2 626	9.8	113.9	5 761.0	6 432.0	2 916.9
1983		26 616	23 595	21 052	2 867	10.8	137.3	5 430.0	6 069.0	3 104.7
1984		27 134	24 049	21 227	2 999	11.1	150.2	5 315.0	5 922.0	3 159.8
1985		27 653	24 438	21 502	3 109	11.3	162.0	5 272.0	5 852.0	3 271.2
1986		27 851	24 528	21 580	3 180	11.4	188.4	5 147.0†	5 676.0†	3 289.1
1987		27 978	24 976	21 797	2 880	10.3	235.0	5 058.0	5 545.0	
1985	1	27 566	24 382	21 453	3 089.9	11.2	155.4	5 281.0	5 873.0†	3 310.7
	2	27 653	24 438	21 502	3 114.1	11.3	162.2	5 272.0	5 852.0	3 230.7
	3	27 697	24 476	21 536	3 117.3	11.3	163.3	5 265.0	5 833.0	3 273.9
	4	27 758	24 510	21 568	3 113.4	11.3	167.3	5 244.0	5 801.0	3 269.6
1986	1	27 832	24 517	21 571	3 174.5	11.4	166.5	5 205.0	5 744.0	3 356.1
	2	27 851†	24 528†	21 580†	3 201.3	11.5	175.6	5 147.0†	5 676.0	3 275.1
	3	27 877	24 601	21 593	3 200.8	11.5	200.2	5 104.0	5 623.0	3 297.5
	4	27 909	24 697	21 633	3 144.9	11.3	211.1	5 090.0	5 598.0	3 227.7
1987	1	27 948	24 821	21 699	3 072.0	11.0	211.1	5 054.0	5 547.0	3 222.1
	2	27 978	24 976	21 797	2 964.8	10.6	227.3	5 058.0	5 545.0	2 999.6
	3	27 884	25 053	21 842	2 823.6	10.1	239.6	5 029.0	5 514.0	2 880.8
	4				2 659.4	9.5	262.1	5 035.0	5 513.0	2 710.9
1985	D	..	..	..	3 143.6	11.4	163.5	5 244.0	5 801.0	3 273.1
1986	J	..	..	..	3 154.0	11.4	162.8	5 238.0	5 784.0	3 407.7
	F	..	..	..	3 184.8	11.4	167.2	5 212.0	5 757.0	3 336.7
	M	..	..	..	3 204.7	11.5	169.5	5 205.0	5 744.0	3 323.8
	A	..	..	..	3 194.9	11.5	170.2	5 197.0	5 734.0	3 325.1
	M	..	..	..	3 200.1	11.5	172.1	5 167.0	5 701.0	3 270.9
	J	..	..	..	3 208.8	11.6	184.4	5 151.0	5 681.0	3 229.4
	J	..	..	..	3 210.3	11.6	193.2	5 132.0	5 658.0	3 279.6
	A	..	..	..	3 206.3	11.5†	201.1	5 120.0	5 642.0	3 280.1
	S	..	..	..	3 185.7	11.5	206.4	5 113.0	5 634.0	3 332.9
	O	..	..	..	3 163.5	11.4	209.5	5 110.0	5 627.0	3 237.2
	N	..	..	..	3 150.7	11.3	212.5	5 111.0	5 623.0	3 216.8
	D	..	..	..	3 120.7	11.2	210.6	5 106.0	5 616.0	3 229.2
1987	J	..	..	..	3 112.2	11.2	212.0	5 083.0	5 586.0	3 297.2
	F	..	..	..	3 066.5	11.0	207.0	5 082.0	5 583.0	3 225.8
	M	..	..	..	3 037.3	10.9	214.2	5 075.0	5 571.0	3 143.4
	A	..	..	..	3 021.4	10.8	217.7	5 070.0	5 560.0	3 107.1
	M	..	..	..	2 950.9	10.6	230.5	5 077.0	5 567.0	2 986.5
	J	..	..	..	2 922.2	10.5	233.7	5 085.0	5 576.0	2 905.3
	J	..	..	..	2 873.1	10.3	235.2	5 072.0	5 560.0	2 906.5
	A	..	..	..	2 825.5	10.1	238.9	5 071.0	5 558.0	2 865.8
	S	..	..	..	2 772.2	9.9	246.6	5 063.0	5 552.0	2 870.2
	O	..	..	..	2 713.6	9.7	251.4	5 066.0	5 551.0	2 751.4
	N	..	..	..	2 650.8	9.5	268.2	5 077.0	5 559.0	2 685.6
	D	..	..	..	2 613.9	9.4	256.6			2 695.8
1988	J	..	..	..	2 564.7†	9.2	249.5			2 722.1†
	F	..	..	..	2 531.3	9.1	247.9†			2 665.5

1 Unemployment figures do not include students registered for temporary employment during a current vacation.
2 The working population consists of the employed labour force and the unemployed (claimants); the employed labour force includes employers, self-employed and HM Forces as well as employees in employment. Estimates of employees in employment for December 1984 and subsequent months include an allowance based on the Labour Force Survey to compensate for persistent undercounting in the regular sample enquiries (Employment Gazette January 1987 page 31). For all dates, individuals with two jobs as employees of different employers are counted twice.
3 Annual estimates relate to mid-year. Figures for the four quarters relate to March, June, September and December.
4 There has been a change in the compilation of the unemployment statistics (see Employment Gazette, March/April 1986, pages 107-108). Unadjusted figures since March 1986 are on the new basis and not directly comparable with earlier figures. It is estimated that the change reduces the total UK count by 50,000 on average. Seasonally adjusted figures have been revised to allow for this and previous discontinuities, to be consistent with the new coverage. The latest seasonally adjusted figures are provisional and subject to revision, mainly in the following month. The unadjusted figures also reflect a small discontinuity in the Northern Ireland count between June and August 1985.
5 The denominators used to calculate unemployment rates are the sum of the appropriate mid-year estimates of employees in employment and the unemployed, self-employed and HM forces. Recent figures are based on mid-1987 estimates.
6 The statistics of vacancy stocks were distorted in April and May 1985 because of a change in the Manpower Services Commission's Employment Division's arrangements. This led to an artificial increase in the April level, but the recorded stocks for May should be minimally affected.
7 There has been a change in the method of compiling vacancy statistics. See October 1985 issue of Employment Gazette for details.
8 This series excludes community programme vacancies.

Unemployment and vacancies



Regional unemployment rates (1)

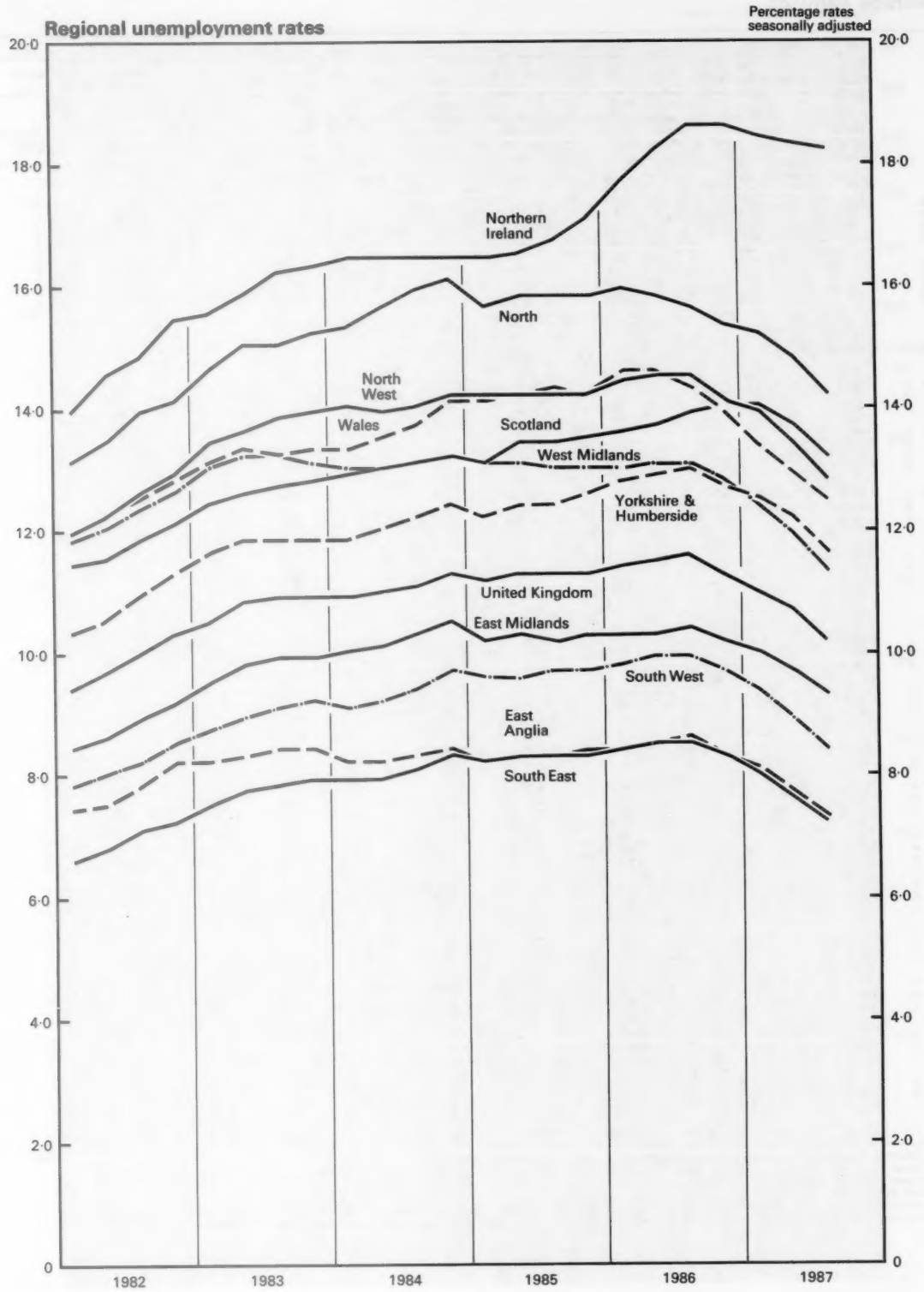
Seasonally adjusted(2,3)

Per cent

		North	Yorkshire and Humberside	East Midlands	East Anglia	South East	South West	West Midlands
		DPBH	DPBI	DPBJ	DPBK	DPBL	DPBM	DPBN
1982	1	13.1	10.3	8.4	7.4	6.7	7.8	11.8
	2	13.4	10.5	8.6	7.5	6.8†	8.0	12.0
	3	13.9	10.9	8.9	7.8	7.1	7.2	12.3
	4	14.1	11.3	9.2	8.2	7.4	8.5	12.6
1983	1	14.6	11.6	9.5	8.2	7.5	8.7	13.0
	2	15.0	11.8	9.8	8.3	7.7	8.9	13.2
	3	15.0	11.8	9.9	8.4	7.8	9.1	13.2
	4	15.2	11.8	9.9	8.4	8.0	9.2	13.1
1984	1	15.3	11.8	10.0	8.2	7.9	9.1	13.0
	2	15.6	12.0	10.1	8.2	7.9	9.2	13.0
	3	15.9	12.2	10.3	8.3	8.1	9.4	13.1
	4	16.1	12.4	10.5	8.4	8.3	9.7	13.2
1985	1	15.6	12.3	10.4	8.1	8.2	9.6	13.1
	2	15.8	12.4	10.3	8.3	8.3	9.6	13.1
	3	15.8	12.4	10.2	8.3	8.3	9.7	13.0
	4	15.8	12.6	10.3	8.5	8.3	9.7	13.0
1986	1	15.9	12.8	10.3	8.4	8.4	9.8	13.0
	2	15.7	12.9	10.3	8.5	8.5	9.9	13.1
	3	15.6	13.0	10.4	8.6	8.5	9.9	13.1
	4	15.3	12.8	10.2	8.4	8.3	9.7	12.8
1987	1	15.3	12.5	10.0	7.8	7.9	9.3	12.3
	2	14.9	12.1	9.7	7.6	7.5	8.8	11.8
	3	14.3	11.6	9.2	6.9	7.1	8.3	11.2
	4	13.6	10.9	8.6	6.5	6.6	7.7	10.5

		North West	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom
		DPBO	DPBP	DPBQ	DPAJ	DPBR	BCJE
1982	1	11.9	12.0	11.4	9.3	13.9	9.4
	2	12.2	12.2	11.5	9.5	14.5	9.7
	3	12.6	12.5	11.8	9.8	14.8	10.0
	4	12.9	12.8	12.1	10.1	15.4	10.3
1983	1	13.4	13.1	12.4	10.4	15.5	10.5
	2	13.6	13.3	12.6	10.6	15.8	10.8
	3	13.8	13.2	12.7	10.7	16.2	10.9
	4	13.9	13.3	12.8	10.8	16.4	10.9
1984	1	14.0	13.3	12.9	10.7	16.4	10.9
	2	13.9	13.5	12.9	10.8	16.4	11.0
	3	14.0	13.7	13.1	11.0	16.4	11.1
	4	14.2	14.0	13.2	11.2	16.4	11.3
1985	1	14.2	14.1	13.1	11.1	16.4	11.2
	2	14.2	14.2	13.4	11.1	16.5	11.3
	3	14.2	14.3	13.4	11.1	16.7	11.3
	4	14.2	14.2	13.5	11.2	17.1	11.3
1986	1	14.4	14.6	13.6	11.3	17.7	11.4
	2	14.5	14.6	13.7	11.4	18.2	11.5†
	3	14.5	14.3	13.9	11.4	18.5	11.5
	4	14.2	13.9	14.0	11.1	18.6	11.3
1987	1	14.0	13.7	14.0†	10.8	18.5	11.0
	2	13.6	13.3	13.7	10.4	18.5	10.6
	3	13.0	12.8	13.2	9.9	18.3	10.1
	4	12.3	12.1	12.6	9.3	17.8	9.5

1 Excluding school-leavers.
2 The seasonally adjusted series have been revised to allow for all discontinuties,to be consistent with the current coverage.
3 The denominators used to calculate unemployment rates are the sum of the appropriate mid-year estimates of employees in employment and the unemployed, self-employed and HM Forces. Recent figures are based on mid-1987 estimates.

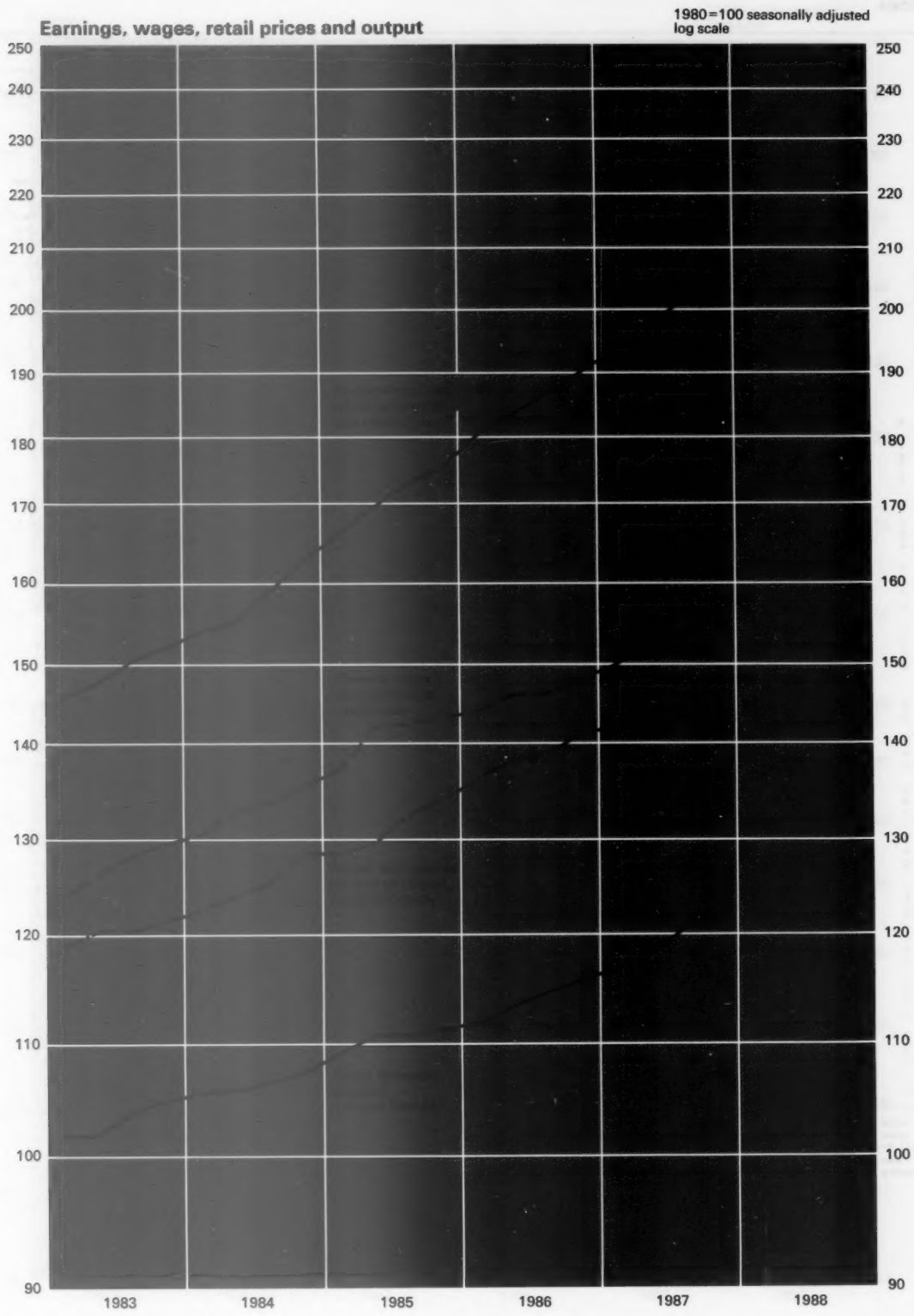

Regional unemployment rates
Percentage rates seasonally adjusted
20·0
18·0
16·0
14·0
12·0
10·0
8·0
6·0
4·0
2·0
0
Northern Ireland
North
North West
Wales
Scotland
West Midlands
Yorkshire & Humberside
United Kingdom
East Midlands
South West
East Anglia
South East
1982
1983
1984
1985
1986
1987

Average earnings

		January 1980 = 100									1980 = 100	
		Average earnings (GB)(1)									Wages and salaries per unit of output	
		Whole economy	Percentage increase on year earlier	Underlying % change over previous 12 months(2)	Production industries (3)	Percentage increase on year earlier	Underlying % change over previous 12 months(2)	Manufacturing industry(3)	Percentage increase on year earlier	Underlying % change over previous 12 months(2)	Whole economy(4)	Manufacturing industry
		DNAA	DNDZ		DNAE	DNED		DNAC	DNEH		DJDO	DMBG
1980		111.4	..		109.4	..		109.1	..		100.0	100.0
1981		125.8	12.9		124.1	13.4		123.6	13.3		109.9	109.3
1982		137.6	9.4		138.2	11.4		137.4	11.2		115.7	113.9
1983		149.2	8.4		150.0	8.5		149.7	9.0		120.3	114.4
1984		158.3	6.1		158.5	5.7		162.8	8.8		125.3	117.8
1985		171.7	8.5		176.2	11.2		177.6	9.1		131.5	124.5
1986		185.3	7.9		190.8	8.3		191.2	7.7		139.0	130.8
1987		199.8	7.8		206.1	8.1		206.7	8.0		-	132.2
Seasonally adjusted												
		DNAB	DNEA		DNAF	DNEE		DNAD	DNEI			
1984	2	155.9	5.4		155.1	4.5		160.0	8.1		124.1	116.2
	3	159.1	5.8		159.2	5.2		164.2	8.7		125.4	118.1
	4	163.3	7.1		163.9	5.5		168.6	8.4		128.6	121.2
1985	1	166.8	7.7		168.6	8.2		172.5	9.0		128.6	121.0
	2	170.2	9.2		174.8	12.7		176.1	10.1		129.5	122.4
	3	173.9	9.3		179.1	12.5		179.3	9.2		132.9	125.8
	4	176.1	7.8		182.5	11.3		182.8	8.4		134.3	128.7
1986	1	180.6	8.3		185.8	10.2		186.1	7.9		136.8	131.5
	2	183.9	8.0		188.4	7.8		189.3	7.6		138.3	130.9
	3	186.8	7.4		192.0	7.2		192.1	7.2		139.2	130.4
	4	190.1	8.0		197.1	8.0		197.5	8.0		141.2	130.5
1987	1	193.6	7.3		200.2	7.7		200.7	7.8		142.3	132.5
	2	197.9	7.6		203.1	7.7		204.0	7.7		144.3	132.0
	3	201.5	7.9		208.1	8.3		208.4	8.4		144.5	131.3
	4	206.0	8.4		213.4	8.3		214.0	8.4			133.2
				DNEM			DNEN			DNEO		
1985	J	172.2	8.8	7.50	177.8	12.8	8.75	178.3	9.5	9.00		125.9
	A	173.1	8.9	7.50	177.8	12.0	8.75	178.1	8.8	9.00		124.8
	S	176.4	10.1	7.75	181.7	12.6	8.75	181.5	9.3	9.00		126.7
	O	174.3	8.0	7.50	180.8	10.5	8.75	180.9	7.5	8.75		127.5
	N	175.9	8.6	7.50	182.4	11.6	8.75	182.9	8.8	8.75		129.2
	D	178.1	8.9	7.50	184.2	11.8	8.75	184.7	9.0	8.75		129.4
1986	J	179.1	8.2	7.50	185.5	11.0	8.75	185.5	8.0	8.50		131.3
	F	180.0	8.1	7.50	185.9	10.9	8.50	186.0	8.1	8.25		131.3
	M	182.6	8.5	7.50	186.0	8.8	8.25	186.9	7.5	8.00		131.9
	A	185.3	8.6	7.50	189.9	8.2	8.25	191.1	7.6	7.75		132.5
	M	182.6	7.6	7.50	186.6	7.7	8.25	187.1	7.3	7.75		129.9
	J	183.9	8.0	7.50	188.8	7.5	8.00	189.8	7.7	7.75		130.3
	J	186.3	8.2	7.50	189.9	6.8	8.00	190.5	6.8	7.75		129.5
	A	187.0	8.0	7.50	192.1	8.0	7.75	191.9	7.7	7.75		130.9
	S	187.1	6.1	7.50	193.9	6.7	7.75	194.0	6.9	7.75		130.8
	O	188.7	8.3	7.50	195.2	8.0	7.75	195.2	7.9	7.75		129.8
	N	190.2	8.1	7.75	196.6	7.8	8.00	197.1	7.8	7.75		130.0
	D	191.3	7.4	7.75	199.6	8.4	8.00	200.0	8.3	8.00		131.6
1987	J	192.8	7.6	7.50	199.9	7.8	7.75	200.0	7.8	7.75		134.4
	F	193.4	7.4	7.50	200.6	7.9	8.00	201.0	8.1	8.00		131.5
	M	194.8	6.7	7.50	199.8	7.4	8.00	201.1	7.6	8.00		131.6
	A	197.4	6.5	7.75	203.6	7.2	8.00	204.4	7.0	8.00		132.7
	M	198.5	8.7	7.75	201.6	8.0	8.00	202.4	8.2	8.00		130.8
	J	198.1	7.7	7.75	203.9	8.0	8.25	204.8	7.9	8.25		132.4
	J	201.3	8.1	7.75	206.4	8.7	8.25	207.6	9.0	8.25		132.2
	A	201.3	7.6	7.75	207.8	8.2	8.25	207.2	8.0	8.50		129.5
	S	201.8	7.9	7.75	209.9	8.3	8.25	210.3	8.4	8.50		132.3
	O	203.8	8.0	8.00	212.1	8.7	8.25	212.4	8.8	8.25		132.8
	N	206.3	8.5	8.25	212.2	7.9	8.25	212.7	7.9	8.25		132.4
	D	208.0†	8.7†	8.50	215.9	8.2	8.25	216.8	8.4	8.25		134.4
1988	J	209.5	8.7	8.50	215.8†	8.0†	8.50	216.8	8.4	8.50		134.2

1 The seasonal adjustment factors currently used are based on data up to December 1982.
2 Estimated to the nearest quarter of one percentage point. For the derivation of recent underlying changes see 'Employment Topics' item in Employment Gazette December 1987.
3 Revised definition.
4 The method for calculating whole economy unit wage costs has been revised. The output measure of GDP has replaced the income measure in the calculation, and an adjustment incorporated to cover the earnings of the self-employed. (See 'Employment Gazette', January 1987.)

Earnings, wages, retail prices and output

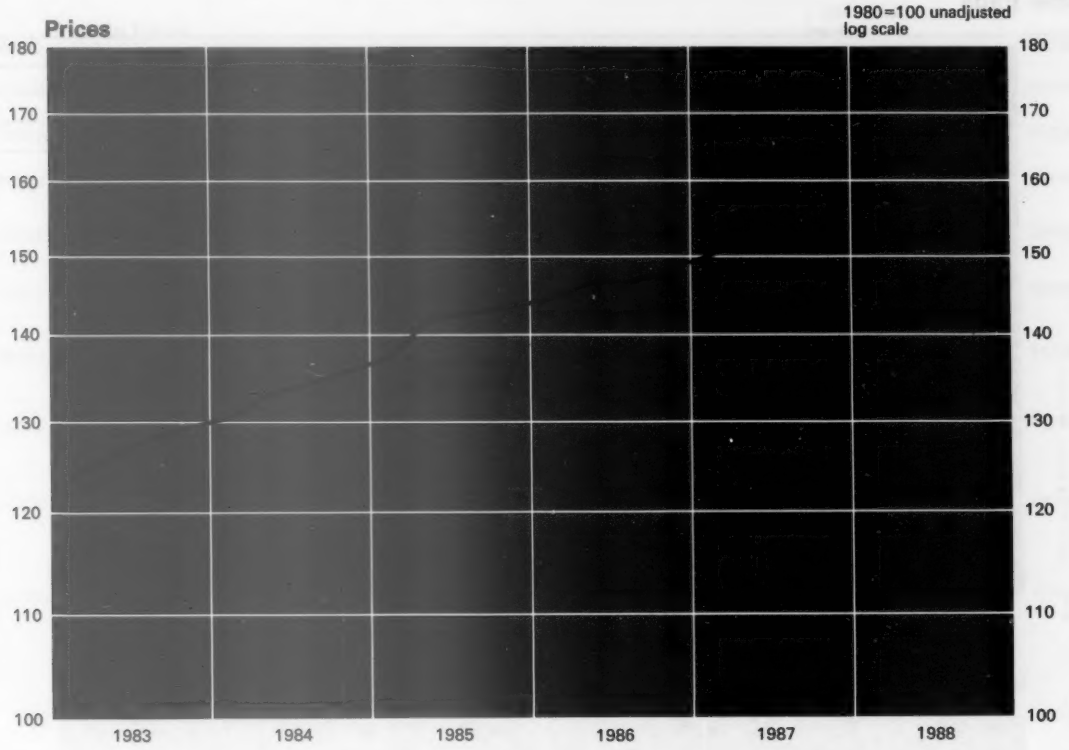


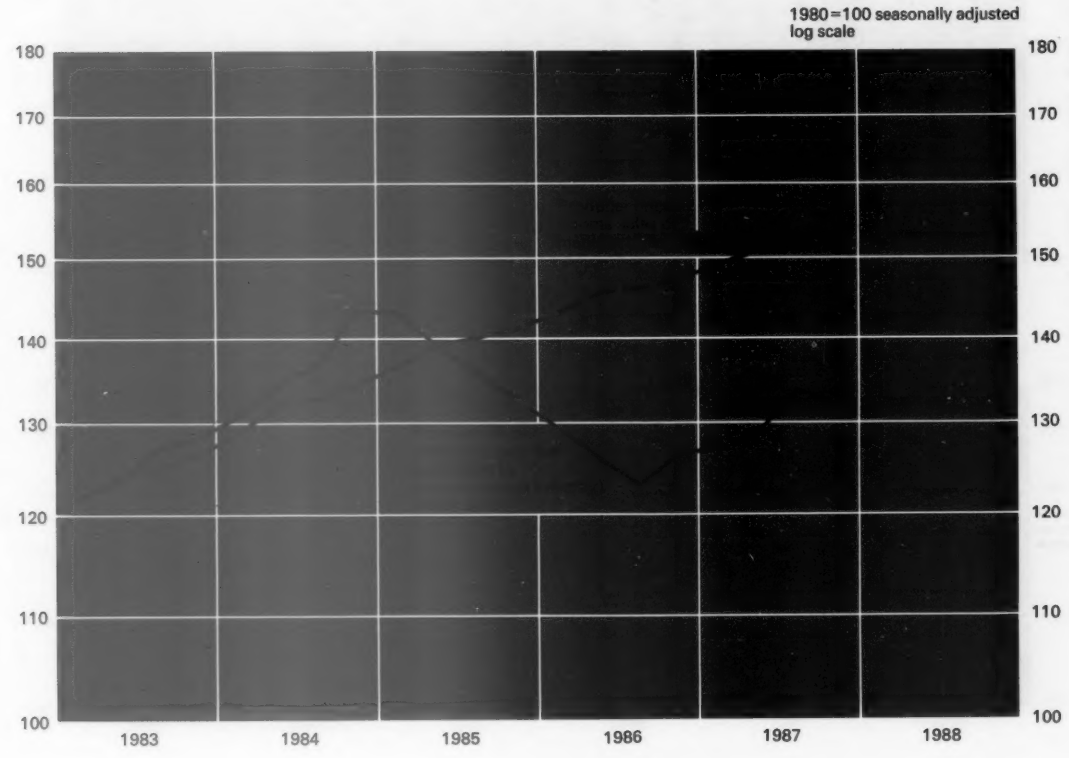
[1] Quarterly average of monthly figures

Prices

		Seasonally adjusted	Unadjusted									
		Average 1980=100										Average 1980=100p
		Producer price index		General index of retail prices						Pensioner price index(2,3)		
		Materials and fuel purchased by manufacturing industry	Output All manufactured products Home sales	All items(1,2) Index	All items(1,2) Percentage increase on year earlier	Total food	Total non-food	All items other than seasonal food(2) Index	All items other than seasonal food(2) Percentage increase on year earlier	One person household	Two person household	Purchasing power of the pound(4)
		DZDQ	DZCV	FRAG	FRAN	FRAH	FRAI	FRAK	FRAD	FRAL	FRAM	FJAK
1979		92.2	87.7	84.8	-	89.2	83.6	85.4	-	85.9	86.1	118
1980		100.0	100.0	100.0	-	100.0	100.0	100.0	-	100.0	100.0	100
1981		109.3	109.5	111.9	-	108.5	112.8	111.9	-	111.4	111.6	88
1982		117.2	118.0	121.5	-	117.0	122.7	121.4	-	98.8	121.7	82
1983		125.3	124.4	127.1	-	120.7	128.8	127.1	-	127.3	127.3	79
1984		136.4	132.1	133.4	-	127.5	134.9	133.1	-	133.5	133.8	75
1985		137.7	139.4	141.5	-	131.4	144.1	141.5	-	140.1	140.4	71
1986		126.6	145.7	146.3	3.2	135.7	149.1	146.2	3.5	144.6	144.8	68
1987		130.4	151.2	152.4	4.2	139.9	155.6	152.2	4.2	147.9	148.5	66
1983	4	128.5	126.8	129.6	-	123.6	131.2	129.3	-	129.6	129.7	77
1984	1	130.7	129.0	130.4	-	125.7	131.6	130.0	-	131.2	131.3	77
	2	134.4	132.0	133.1	-	128.6	134.2	132.4	-	133.8	134.2	75
	3	136.8	132.8	134.2	-	127.7	135.9	134.1	-	133.9	134.1	74
	4	143.6	134.5	135.9	-	127.7	138.0	136.0	-	135.3	135.6	74
1985	1	143.3	136.6	137.6	-	130.1	139.6	137.5	-	137.5	137.7	73
	2	139.0	139.4	142.3	-	132.6	144.8	142.2	-	140.6	140.9	70
	3	135.9	140.2	142.7	-	131.1	145.7	142.9	-	140.5	140.8	70
	4	132.8	141.4	143.4	5.5	131.8	146.4	143.5	5.7	141.7	142.0	70
1986	1	129.4	143.4	144.4	3.8	134.2	147.0	144.3	4.9	143.2	143.3	69
	2	126.3	145.7	146.3	2.5	136.6	148.8	145.9	2.6	144.9	144.9	68
	3	123.5	146.3	146.4	2.8	136.0	149.1	146.3	2.6	144.8	145.1	68
	4	127.0	147.4	148.3	3.7	136.1	151.4	148.3	3.6	145.5	145.9	67
1987	1	127.2	149.3	150.1	4.1	139.0	153.0	149.9	3.9	146.7	147.1	67
	2	129.2	150.9	152.5	4.2	140.8	155.3	152.0	4.3	148.0	148.6	66
	3	133.6	151.6	152.7	4.2†	139.0	156.2	152.8	4.4	147.6	148.3	65
	4	131.5†	153.2	154.4	4.1	140.8	157.9	154.4	4.1	149.2	150.1	65
1986	F	129.4	143.3	144.5	4.1	134.3	147.2	144.5	5.1	..	..	69
	M	127.8	144.3	144.7	2.1	134.9	147.2	144.5	4.2	..	..	69
	A	126.8	145.4	146.1	2.6	135.8	148.8	145.9	3.0	..	..	68
	M	126.7	145.9	146.4	2.6	136.7	148.9	146.0	2.7	..	..	68
	J	125.4	145.8	146.3	2.4	137.3	148.7	145.9	2.2	..	..	68
	J	122.2	146.0	145.9	2.4	135.8	148.5	145.8	2.2	..	..	69
	A	123.4	146.3	146.3	3.0	136.2	149.0	146.2	2.8	..	..	68
	S	125.0	146.7	147.1	3.0	136.1	149.9	147.0	2.9	..	..	68
	O	126.4	147.0	147.3	3.5	135.8	150.3	147.3	3.5	..	..	68
	N	127.1	147.4	148.5	3.7	135.8	151.8	148.6	3.7	..	..	67
	D	127.6	147.9	149.0	3.9	136.7	152.2	149.0	3.8	..	..	67
1987	J	126.9	148.9	149.6	3.9	138.3	152.5	149.4	3.7	..	..	67
	F	127.2	149.3	150.2	4.0	139.3	153.1	149.9	4.0	..	..	67
	M	127.4	149.7	150.5	4.2	139.3	153.5	150.3	4.0	..	..	66
	A	128.3	150.5	152.3	4.1	140.5	155.3	151.8	4.1	..	..	66
	M	128.2	151.0	152.4	4.2	141.4	155.3	152.0	4.3	..	..	66
	J	131.1	151.1	152.7	4.4	140.5	155.4	152.1	4.5	..	..	66
	J	133.1	151.3	152.3	4.4	138.9	155.7	152.3	4.4	..	..	66
	A	134.4	151.5	152.7	4.1	139.3	156.2	152.7	4.3	..	..	65
	S	133.3	152.0	153.2	4.2†	138.9	156.8	153.3	4.6	..	..	65
	O	132.4†	152.8	153.9	4.5	139.9	157.6	154.0	4.5	..	..	65
	N	131.0	153.2	154.7	4.1	140.7	158.3	154.8	4.2	..	..	65
	D	131.2	153.7†	154.5	3.7	141.7	157.9	154.3	3.6	..	..	65
1988	J	131.1	154.6	154.5	3.3	142.3	157.7	154.3	3.3	..	..	65†
	F	132.5	155.3	155.1†	3.3	143.3†	158.3†	154.8†	3.3†	..	..	64

1 The index numbers are given to one decimal place but this does not imply that they can be regarded as accurate to the last digit shown.
2 The index numbers given here are for comparative purposes only and should not be regarded as accurate to the last digit shown. The official Retail Price Index series is shown on page 5.
3 All items except housing.
4 Movements in the purchasing power of the pound are based on movements in the general index of retail prices.


Prices
1980=100 unadjusted
log scale
180
170
160
150
140
130
120
110
100
1983
1984
1985
1986
1987
1988

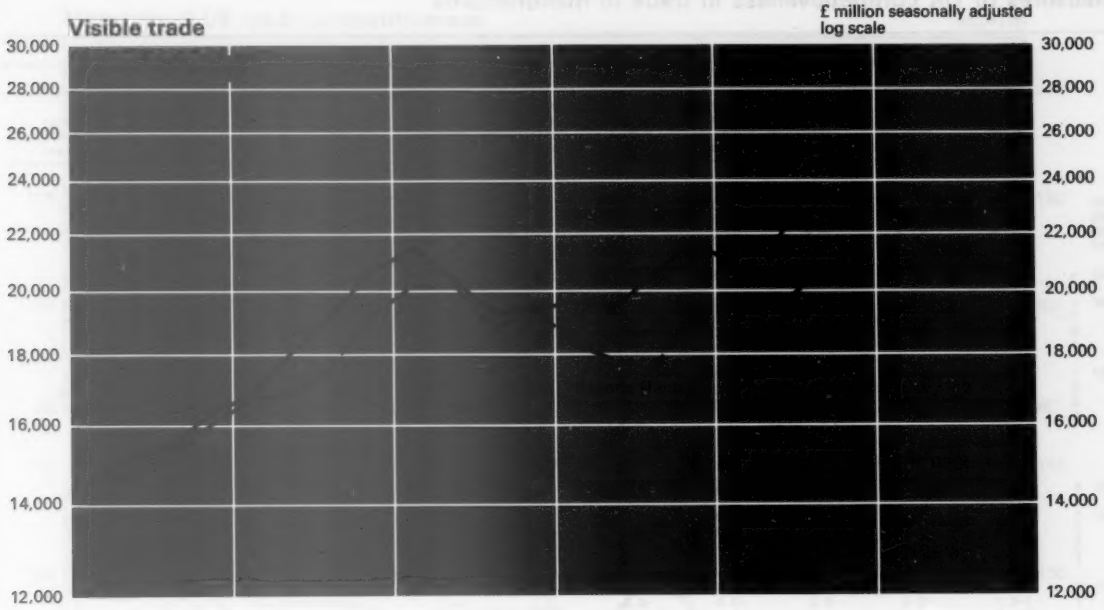

1980=100 seasonally adjusted
log scale
180
170
160
150
140
130
120
110
100
1983
1984
1985
1986
1987
1988

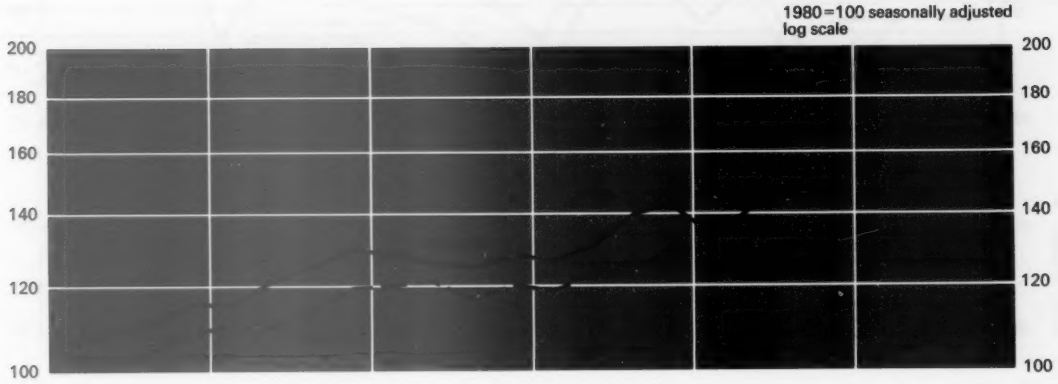
Visible trade

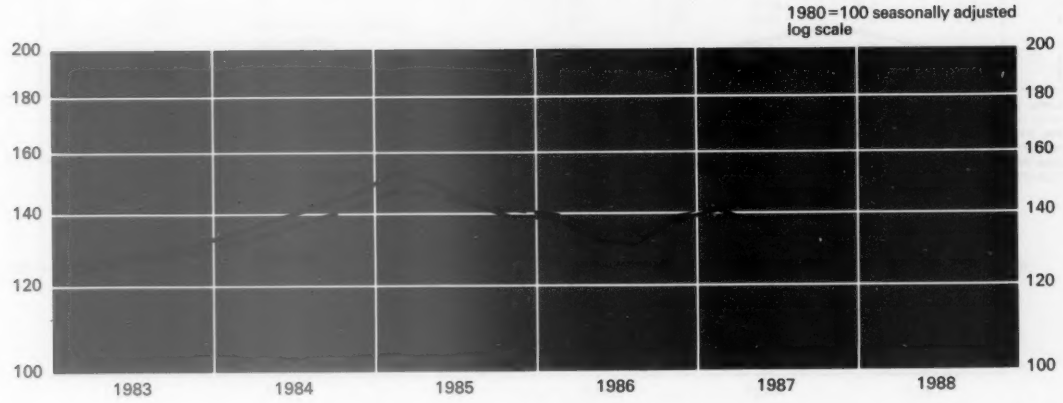
		Seasonally adjusted		Unadjusted		
		1980=100		1980=100		
		Volume indices(1)		Unit value indices(1)		
		Exports	Imports	Exports	Imports	Terms of trade(2)
		CGTR	CGTS	CGTO	CGTP	CGTQ
1977		92.1	91.3	72.0	82.1	87.7
1978		94.5	95.5	79.1	85.2	92.7
1979		99.1	105.7	87.6	90.9	96.4
1980		100.0	100.0	100.0	100.0	100.0
1981		99.1	96.0	108.9	108.4	100.5
1982		101.8	101.4	116.4	117.0	99.5
1983		104.2	110.1	125.9	127.7	98.6
1984		112.9	122.4	138.2	139.7	97.5
1985		119.1	126.4	143.8	145.5	98.8
1986		123.3	134.6	136.8	134.3	101.8†
1987		130.4	144.6	142.0	138.1	102.8
1985	1	119.4	128.1	146.6	152.6	96.1
	2	120.8	125.2	145.7	149.1	97.7
	3	118.4	124.5	141.9	141.7	100.1
	4	119.7	127.6	140.8	138.7	101.5
1986	1	118.1	126.8	139.2	138.0	100.9
	2	122.6	130.4	135.1	132.0	102.3
	3	122.7	139.3	134.5	130.3	103.2
	4	129.9	142.0	138.3	137.0	100.9
1987	1	129.5	133.5†	140.8	140.2	100.4
	2	126.6	141.1	141.4	136.7	103.4
	3	130.6	151.1	143.1	138.0	103.7
	4	134.8	152.5	142.9	137.5	103.9
1985	F	119.4†	127.7†	146.8†	153.5†	95.6†
	M	118.9	130.6	148.9	154.9	96.2
	A	122.1	126.4	147.3	152.2	96.8
	M	121.5	121.3	145.6	148.6	98.0
	J	118.7	128.0	144.3	146.4	98.5
	J	117.4	127.5	142.4	143.9	99.0
	A	115.3	121.4	141.7	140.5	100.8
	S	116.5	124.5	141.7	140.8	100.6
	O	120.2	125.8	140.8	139.5	100.9
	N	119.2	129.4	140.7	138.0	102.0
	D	119.7	127.6	140.8	138.6	101.6
1986	J	118.7	123.4	141.0	138.7	101.7
	F	120.3	126.1	139.0	138.2	100.6
	M	115.2	131.5	137.7	137.1	100.5
	A	123.6	125.9	135.6	133.5	101.6
	M	121.6	131.5	134.6	131.8	102.1
	J	122.7	134.5	135.2	130.6	103.5
	J	125.3	138.5	133.5	129.2	103.3
	A	117.0	141.0	134.5	129.6	103.8
	S	125.9	139.2	135.4	132.2	102.4
	O	127.4	141.6	137.7	135.6	101.6
	N	131.9	144.9	138.3	136.9	101.0
	D	130.4	140.3	138.8	138.6	100.2
1987	J	125.3	133.3	140.3	140.0	100.2
	F	135.4	135.7	141.0	140.5	100.4
	M	127.9	131.6	141.2	140.1	100.8
	A	131.5	137.9	141.2	137.7	102.5
	M	124.3	144.2	141.1	136.3	103.5
	J	124.1	141.1	141.8	136.2	104.1
	J	130.1	148.8	141.8	137.3	103.3
	A	127.6	154.8	143.7	138.4	103.8
	S	134.1	149.7	143.7	138.3	103.9
	O	131.8	148.4	143.8	138.6	103.7
	N	135.4	154.3	142.9	137.8	103.7
	D	137.1	154.9	141.8	136.2	104.2
1988	J	126.0	151.5	141.8	135.9	104.3

1 On a balance of payments basis.
2 Unit value index for exports expressed as a percentage of unit value index for imports.

Visible trade







Measures of UK competitiveness in trade in manufactures

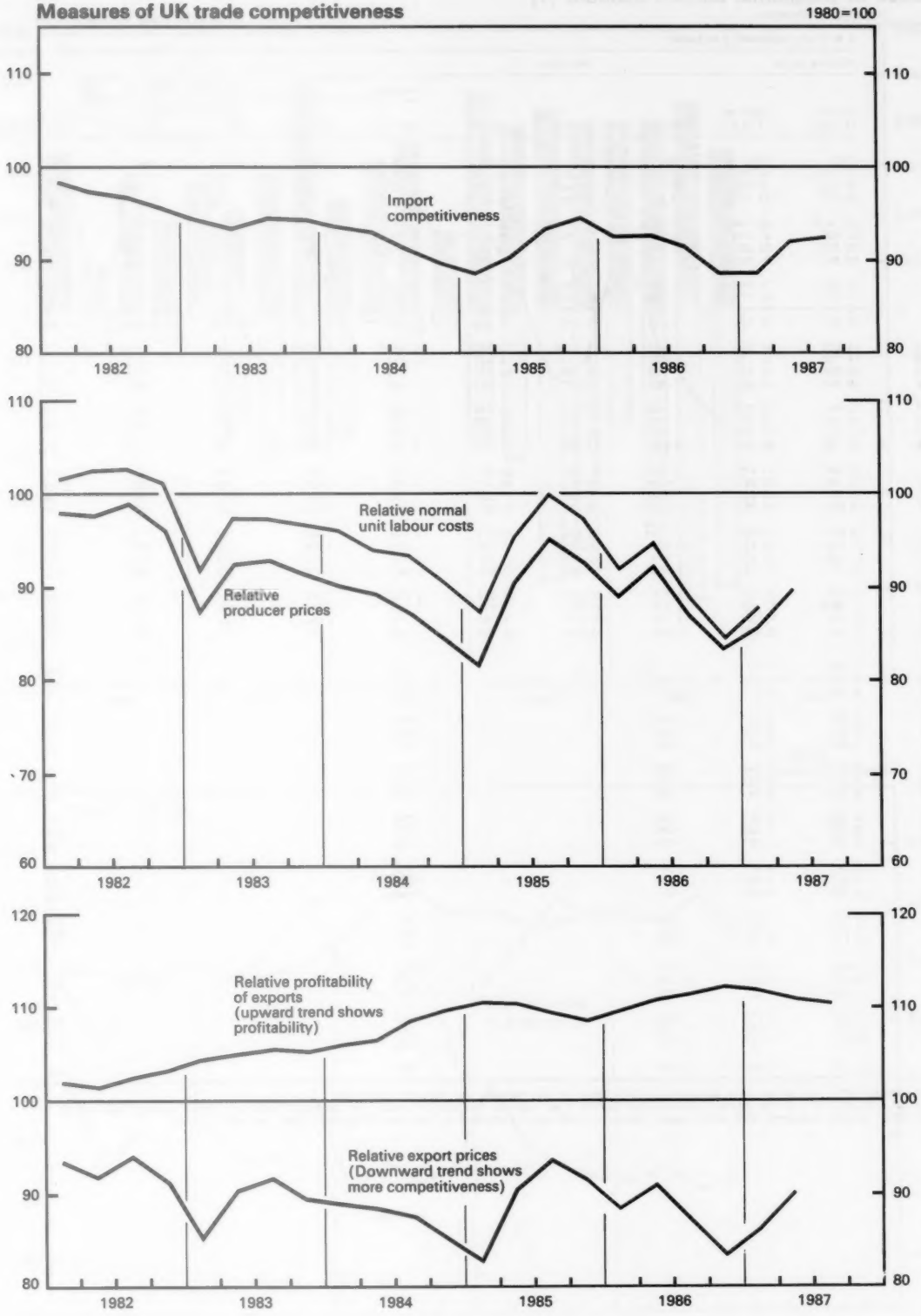
1980 = 100

		Summary measures(1)						Export unit value index(2)				
		Relative export prices(3)	Relative producer prices(3)	IMF index of relative unit labour costs(2) Actual	IMF index of relative unit labour costs(2) Normalised	Import price competitiveness(4)	Relative profitability of exports(4)	United Kingdom	United States	Japan	France	Federal Republic of Germany
		FLAA	FLAB	FLAC	FLAD	FLAE	FLAF	FLAG	FLAH	FLAI	FLAJ	FLAK
1984		87.6	87.7	81.9†	93.0†	92.0	107.8	77.1	121	98	78	74
1985		89.7	90.0	81.9	93.7	91.8	109.7	79.7	124	96	81	75
1986		87.5	87.9	76.8	89.6	91.4	111.1	92.8	128	116	101†	100
1987						91.6	111.0	108.3				
1985	4	91.7	92.8	84.5†	96.2†	94.8	108.7	87.7	124	103	90	85
1986	1	88.4	89.0	80.0	90.7	92.7	109.8	89.8	125	109	97	93
	2	91.1	92.1	81.0	93.6	92.7	110.9	94.7	127	116	98	96
	3	87.1	87.1	75.5	88.6	91.4	111.5	94.5	129	119	104	103
	4	83.3	83.4	70.3	85.4	88.7	112.2	92.5	130	121	106†	107
1987	1	86.5	85.8	72.8	88.3	88.7	112.0	100.9†	129	124	114	116
	2	91.0	89.8†	76.7	92.9	92.2	111.0	108.1	131†	129†	117	116†
	3	90.6†	89.8	76.0	93.3	92.7	110.5	107.4	133	131	116	115
	4					92.6	110.4	116.9				
		Percentage change, quarter on corresponding quarter of previous year										
1985	4	+7.6	+10.0	+6.2	+6.8	+5.2	-1.0	+20.3	+2	-10	+20	+20
1986	1	+6.5	+9.1	+6.7	+5.0	+4.5	-0.6	+30.2	+1	+20	+35	+39
	2	+0.7	+1.8	-0.9	-0.2	+2.4	+0.5	+21.7	+2	+23	+27	+35
	3	-6.9	-8.3	-12.5	-9.9	-2.1	+1.9	+11.8	+4	+25	+24	+32
	4	-9.2	-10.1	+16.2	-11.2	-6.2	+3.2	+5.5	+5	+17	+18	+26
1987	1	-2.1	-3.6	-9.0	-2.6	-4.2	+2.0	+12.6	+3	+14	+18	+25
	2	-0.1	-2.5	-5.3	-0.7	-0.6	+0.1	+14.1	+3	+11	+19	+21
	3	+4.0	+3.1	+0.7	+5.3	+1.5	-0.9	+13.7	+3	+10	+12	+12
	4					+4.4	-1.6	+26.5				

		Producer price index(2)					Unit labour costs index(2)				
		United Kingdom	United States	Japan	France	Federal Republic of Germany	United Kingdom(5)	United States	Japan	France	Federal Republic of Germany
		FLAL	FLAM	FLAN	FLAO	FLAP	FLAQ	FLAR	FLAS	FLAT	FLAU
1983		81.1	113.0†	95.5	76.2	82.5†	75	111	107	74	77
1984		75.8	115.8	95.5†	71.4	76.2	68	109	103	69†	69
1985		77.7†	116.3	94.6	74.2	75.8	70	111	104	71	67
1986		91.8	113.8	124.3	96.4	99.2	82	111	153	94	94
1985	4	87.3	116.7	106.1	84.7	85.6	79	112	122	81†	76
1986	1	88.7	115.1	115.0	92.0	93.4	82†	111	135	91	84
	2	94.4	113.4	123.9	93.2	96.1	85	111	149	90	90
	3	93.6	113.1	132.2	98.4	102.4	83	111	165	95	98
	4	90.5	113.6	126.3	101.9	104.9	80	111	161	99	102
1987	1	98.9	114.8	131.4	110.1	114.2	88	110	166	107	114
	2	106.4	116.3	140.5	112.8	115.9	93	109	176	106	115
	3	105.3	117.5	138.1	111.3	114.3	91	108	168†	104	113
		Percentage change, quarter on corresponding quarter of previous year									
1985	4	+24.2	+0.5	+14.8	+24.2	+19.6	+25	+2	+24	+23	+20
1986	1	+35.4	-0.9	+30.1	+41.1	+37.8	+40	+1	+42	+43	+42
	2	+25.4	-2.7	+37.4	+32.6	+33.8	+28	+1	+54	+34	+43
	3	+12.9	-2.6	+40.9	+28.5	+31.6	+12	-	+60	+32	+43
	4	+3.7	-2.7	+19.0	+20.3	+22.5	+1	-1	+33	+22	+35
1987	1	+11.5	-0.3	+14.3	+19.7	+22.3	+8	-1	+23	+18	+34
	2	+12.7	+2.6	+13.4	+21.0	+20.6	+10	-2	+18	+18	+29
	3	+12.5	+3.9	+4.5	+13.1	+11.6	+10	-3	+2	+10	+15

1 The summary measures of competitiveness were described in Economic Trends No 304, February 1979. Revised measures of import price competitiveness and relative profitability of exports were described in an article in Economic Trends No 319, May 1980 - see footnote 3.
2 All the indices are in terms of US dollars.
3 Figures are now base weighted using 1980 export data. Downwards movements indicate greater competitiveness.
4 Excludes erratics (ships, North Sea installations, aircraft, precious stones and silver bullion).
5 See footnote 4 on page 40.

Measures of UK trade competitiveness

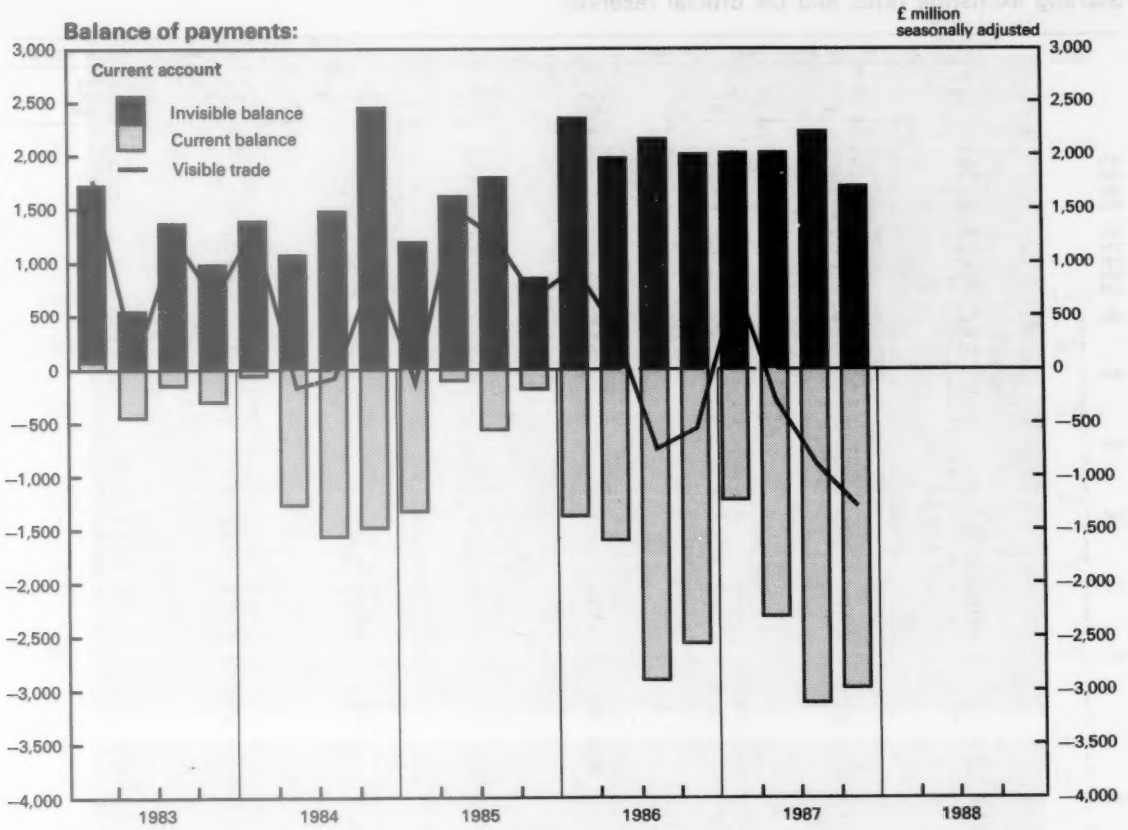


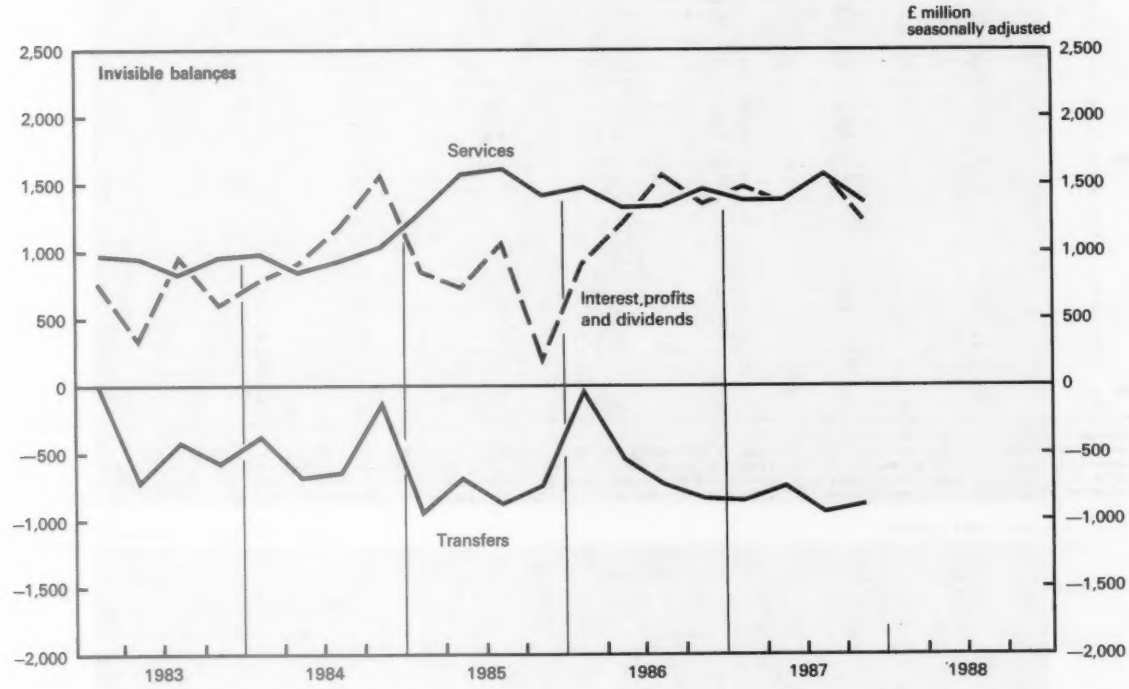
Balance of payments: current account (1)

£ million, seasonally adjusted

		Visible trade			Invisibles						
							Balances				
		Exports (f.o.b.)	Imports (f.o.b.)	Balance	Credits	Debits	Total(2)	Services	IPD	Transfers	Current balance
		CGKG	CGHK	AIMA	CGKR	CGHT	AIMB	AIMC	AIMD	AIME	AIMF
1977		31 728	34 012	-2 284	21 350†	19 178	2 172†	3 038	262†	-1 128	-112†
1978		35 063	36 605	-1 542	24 848	22 341	2 507	3 478	820	-1 791	965
1979		40 687	44 136	-3 449	33 286	30 441†	2 845	3 615	1 249	-2 219	-604
1980		47 147†	45 794	1 353†	41 165	38 483	1 682	3 777†	-100	-1 995	3 035
1981		50 668	47 318	3 350	57 184	53 791	3 393	3 876	1 157	-1 650†	6 743
1982		55 330	53 006	2 324	65 216	63 060	2 156	2 667	1 308	-1 819	4 480
1983		60 698	61 561	-863	65 698	61 082	4 616	3 720	2 652	-1 756	3 753
1984		70 263	74 659	-4 396	77 599	71 194	6 405	3 814	4 434	-1 843	2 009
1985		77 988	80 178	-2 190	80 483	75 018	5 465	5 877	2 841	-3 253	3 275
1986		72 678	81 141	-8 463	77 262	68 753	8 509	5 609	5 057	-2 157	46
1987		79 622	89 247	-9 625	80 202	72 256	7 946	5 708	5 676	-3 438	-1 679
1983	1	14 680	14 618	62	17 553†	15 840†	1 713†	977†	759†	-23†	1 775†
	2	14 718	15 175	-457	15 464	14 920	544	950	323	-729	87
	3	15 264	15 423	-159	16 104	14 731	1 373	835	963	-425	1 214
	4	16 036	16 345	-309	16 577	15 591	986	958	607	-579	677
1984	1	16 697	16 767	-70	17 865	16 470	1 395	992	785	-382	1 325
	2	16 839	18 101	-1 262	17 944	16 865	1 079	853	911	-685	-183
	3	17 611	19 187	-1 576	19 801	18 318	1 483	933	1 194	-644	-93
	4	19 116	20 604	-1 488	21 989	19 541	2 448	1 036	1 544	-132	960
1985	1	20 089	21 425	-1 336	21 884	20 691	1 193	1 281	844	-932	-143
	2	20 188	20 292	-104	20 327	18 717	1 610	1 575	734	-699	1 506
	3	18 651	19 209	-558	19 487	17 689	1 798	1 607	1 072	-881	1 240
	4	19 060	19 252	-192	18 785	17 921	864	1 414	191	-741	672
1986	1	18 201	19 586†	-1 385†	19 224	16 870	2 354	1 480	908	-34	569
	2	17 810	19 414	-1 604	18 715	16 730	1 985	1 325	1 209	-549	381
	3	17 506	20 420	-2 914	19 371	17 204	2 167	1 334	1 572	-739	-747
	4	19 161	21 721	-2 560	19 952	17 949	2 003	1 470	1 368	-835	-557
1987	1	19 530	20 740	-1 210	20 034	18 024	2 010	1 389	1 480	-859	800
	2	19 357†	21 674	-2 317	19 951	17 934	2 017	1 390	1 376	-749	-300
	3	20 235	23 344	-3 109	20 373	18 160	2 213	1 564	1 584	-935	-896
	4	20 500	23 489	-2 989	19 844	18 138	1 706	1 365	1 236	-895	-1 283
1986	J	6 263	6 271†	-8†	..	..	1 077†	..	..	..	1 069†
	F	6 138	6 505	-366	..	..	638	..	..	..	272
	M	5 799	6 811	-1 012	..	..	639	..	..	..	-373
	A	6 042	6 327	-285	..	..	662	..	..	..	377
	M	5 871	6 506	-635	..	..	661	..	..	..	26
	J	5 897	6 581	+684	..	..	662	..	..	..	-22
	J	5 934	6 643	-709	..	..	722	..	..	..	13
	A	5 514	6 834	-1 320	..	..	723	..	..	..	-597
	S	6 058	6 943	+885	..	..	722	..	..	..	-163
	O	6 268	7 067	-799	..	..	668	..	..	..	-131
	N	6 496	7 462	-966	..	..	667	..	..	..	-299
	D	6 397	7 191	-794	..	..	668	..	..	..	-126
1987	J	6 244	6 841	-597	..	..	670	..	..	..	73
	F	6 827	7 066	-240	..	..	670	..	..	..	430
	M	6 459	6 833	-374	..	..	670	..	..	..	296
	A	6 589	7 053	-464	..	..	672	..	..	..	208
	M	6 356	7 416	-1 060	..	..	673	..	..	..	-387
	J	6 412	7 205	-793	..	..	672	..	..	..	-121
	J	6 686	7 677	-991	..	..	738	..	..	..	-253
	A	6 587	8 011	-1 424	..	..	737	..	..	..	-687
	S	6 962	7 657	-695	..	..	738	..	..	..	43
	O	6 802	7 724	-922	..	..	569	..	..	..	-353
	N	6 881	7 938	-1 056	..	..	568	..	..	..	-488
	D	6 817	7 827	-1 010	..	..	569	..	..	..	-441
1988	J	6 183	7 688	-1 505	..	..	600	..	..	..	-905

1 Much of the quarterly and annual data contained in this table in the February edition were incorrect.
2 Monthly data is one third of the appropriate calendar quarter's estimate or projection, except for European Community budget refunds received in October 1984, January and March 1985 and European Community lump sum VAT abatements received in December 1985 and January 1986.

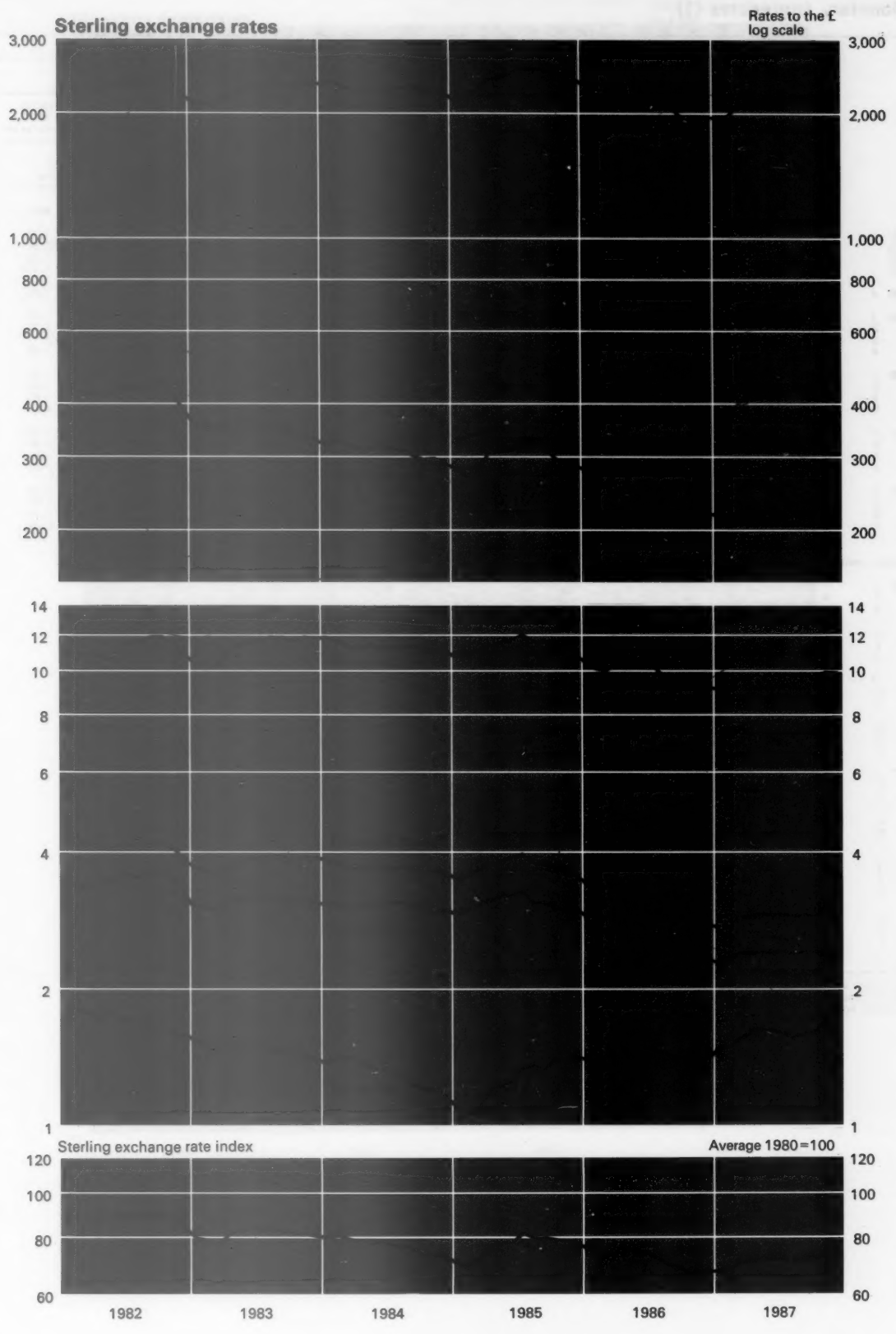

Balance of payments:
£ million
seasonally adjusted
Current account
Invisible balance
Current balance
Visible trade
3,000
2,500
2,000
1,500
1,000
500
0
−500
−1,000
−1,500
−2,000
−2,500
−3,000
−3,500
−4,000
1983
1984
1985
1986
1987
1988


£ million
seasonally adjusted
Invisible balances
Services
Interest, profits
and dividends
Transfers
2,500
2,000
1,500
1,000
500
0
−500
−1,000
−1,500
−2,000
1983
1984
1985
1986
1987
1988

Sterling exchange rates and UK official reserves

		Sterling exchange rate against major currencies(1)						$ million	Average 1975=100
		Japanese yen	US dollar	Swiss franc	French franc	Italian lira	Deutsche-mark	UK official reserves(2) at end of period	Sterling exchange rate index
		AJFO	AJFA	AJFD	AJFE	AJFF	AJFH	AIPI	AJHT
1979		465.5	2.123	3.527	9.03	1 762	3.887	22 538	87.3
1980		525.6	2.328	3.894	9.83	1 992	4.227	27 476	96.1
1981		444.6	2.025	3.969	10.94	2 287	4.556	23 347	94.9
1982		435.2	1.749	3.547	11.48	2 364	4.243	16 997	90.5
1983		359.9	1.516	3.182	11.55	2 302	3.870	17 817	83.2
1984		316.8	1.336	3.130	11.63	2 339	3.791	15 694	78.6
1985		307.1	1.298	3.155	11.55	2 463	3.784	15 543	78.3
1986		246.8	1.467	2.635	10.16	2 186	3.183	21 923	72.8†
1987		236.5†	1.639†	2.439†	9.84†	2 123†	2.941†	44 326	72.7
1983	2	369.1	1.554	3.225	11.61	2 295	3.863	17 711	84.3
	3	365.8	1.509	3.242	12.02	2 375	3.989	17 902	84.9
	4	344.1	1.470	3.173	12.00	2 387	3.935	17 817	83.2
1984	1	331.1	1.435	3.157	11.91	2 385	3.876	18 749	81.7
	2	320.7	1.397	3.135	11.82	2 339	3.784	15 505	79.8
	3	315.9	1.298	3.166	11.62	2 334	3.787	15 280	78.0
	4	299.2	1.216	3.060	11.39	2 298	3.716	15 694	75.1
1985	1	287.1	1.115	3.070	11.09	2 255	3.629	13 528	72.1
	2	315.2	1.258	3.255	11.83	2 474	3.878	14 318	78.9
	3	328.0	1.378	3.231	11.94	2 603	3.917	14 176	82.1
	4	297.3	1.436	3.063	11.32	2 513	3.708	15 543	79.8
1986	1	270.2	1.440	2.845	10.37	2 300	3.378	18 750	75.1
	2	256.3	1.509	2.813	10.77	2 322	3.386	19 188	76.1
	3	232.1	1.489	2.511†	10.09	2 138	3.106	22 426	71.9
	4	229.5	1.430	2.380	9.40	1 987	2.868	21 923	68.3
1987	1	236.1†	1.542†	2.383	9.44†	2 014†	2.834†	27 039	69.9†
	2	234.1	1.642	2.448	9.89	2 134	2.965	34 354	72.7
	3	237.7	1.618	2.467	9.92	2 152	2.974	34 808	72.7
	4	237.7	1.755	2.456	10.08	2 188	2.988	44 326	74.9
1985	J	318.7	1.281	3.292	11.96	2 502	3.923	14 318	79.9
	J	332.6	1.378	3.323	12.21	2 620	4.014	14 256	83.3
	A	328.4	1.383	3.185	11.81	2 591	3.865	14 256	81.7
	S	322.8	1.365	3.185	11.81	2 597	3.871	14 176	81.4
	O	305.2	1.422	3.082	11.46	2 537	3.758	16 310	80.4
	N	293.6	1.440	3.065	11.38	2 523	3.734	15 976	80.0
	D	293.2	1.446	3.043	11.11	2 478	3.632	15 543	79.1
1986	J	284.7	1.423	2.941	10.66	2 368	3.473	15 560	76.6
	F	263.8	1.430	2.792	10.23	2 269	3.335	15 810	74.2
	M	262.1	1.467	2.801	10.23	2 263	3.325	18 750	74.6
	A	262.2	1.499	2.846	10.79	2 332	3.403	18 987	76.2†
	M	253.8	1.521	2.817	10.79	2 322	3.387	19 166	76.1
	J	252.8	1.509	2.775	10.74	2 312	3.369	19 188	75.9
	J	239.4	1.508	2.633	10.45	2 229	3.248	19 083	74.0
	A	229.2	1.487	2.470	9.99	2 111	3.066	18 924	71.4
	S	227.6	1.472	2.432†	9.83	2 073†	3.003	22 426	70.4
	O	223.1	1.428	2.344	9.36	1 980	2.861	21 992	67.8
	N	232.0	1.425	2.400	9.43	1 996	2.884	22 006	68.5
	D	233.2	1.438	2.395	9.39	1 984	2.860	21 923	68.5
1987	J	232.9†	1.507†	2.348	9.33†	1 982	2.797†	21 952	68.8
	F	234.3	1.527	2.351	9.28	1 981	2.785	22 257	69.0
	M	241.1	1.592	2.450	9.72	2 078	2.921	27 039	71.9
	A	232.9	1.630	2.438	9.83	2 106	2.952	29 807	72.3
	M	234.1	1.666	2.451	9.96	2 152	2.980	34 679	73.3
	J	235.3	1.629	2.456	9.89	2 143	2.962	34 364	72.6
	J	241.8	1.610	2.472	9.90	2 153	2.974	34 915	72.8
	A	235.7	1.597	2.458	9.90	2 149	2.957	34 365	72.3
	S	235.6	1.646	2.470	9.96	2 155	2.982	34 808	73.1
	O	238.0	1.662	2.482	10.00	2 184	2.992	41 399	73.6
	N	240.3	1.775	2.453	10.13	2 200	2.986	41 281	75.4
	D	234.7	1.827	2.433	10.12	2 201	2.987	44 326	75.8
1988	J	229.9	1.798	2.424	10.05	2 189	2.977	43 083†	75.0
	F	227.0	1.758	2.446	10.08	2 196	2.982	42 927	74.3

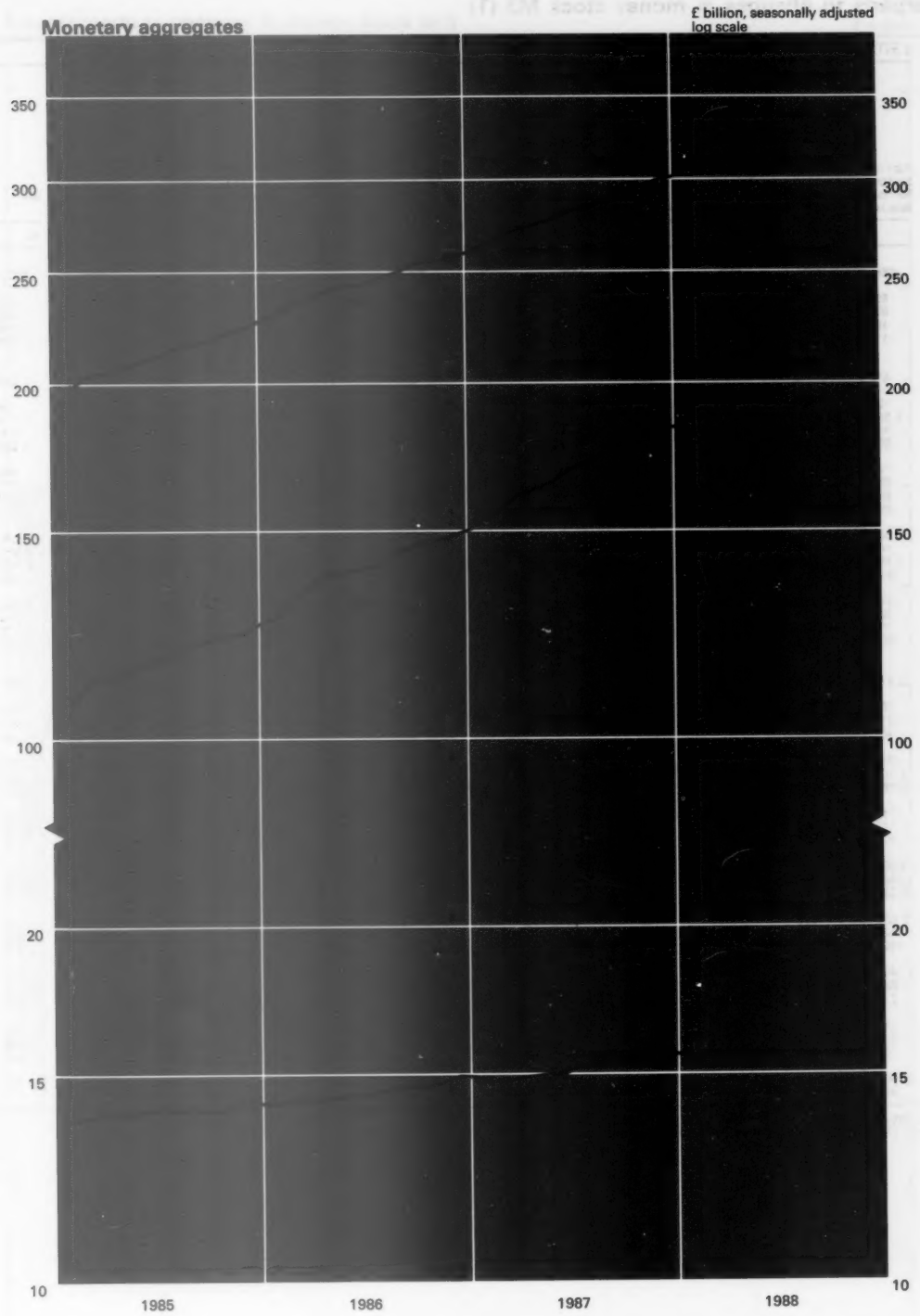
1 Average of daily Telegraphic Transfer rates in London.
2 Apart from transactions, the level of official reserves is affected by changes in the dollar valuation of gold, Special Drawing Rights and convertible currencies. From end-March 1979 these rates are revised annually. These valuation changes are described in detail in the footnotes of Table 18 of the quarterly balance of payments articles in the March, June, September and December issues of Economic Trends. At end-March 1986 the valuation change increased the level of reserves by $2505 million. The effect of changes in earlier years are given in earlier editions of this table.


Sterling exchange rates
Rates to the £
log scale
3,000
2,000
1,000
800
600
400
300
200
14
12
10
8
6
4
2
1
Sterling exchange rate index
Average 1980=100
120
100
80
60
1982
1983
1984
1985
1986
1987

Monetary aggregates (1)

		M0				M3				M4			
		Unadjusted		Seasonally adjusted		Unadjusted		Seasonally adjusted		Unadjusted		Seasonally adjusted	
		Amount outstanding(2)		Amount outstanding	Velocity of circulation	Amount outstanding		Amount outstanding	Velocity of circulation	Amount outstanding		Amount outstanding	Velocity of circulation
		£ million	Annual percentage change	£ million	Ratio	£ million	Annual percentage change	£ million	Ratio	£ million	Annual percentage change	£ million	Ratio
		AVAD	AVAK	AVAE	AVAM	AGAJ	AUZO	AGBC	AGBY	AUYM	AUZP	AUYN	AUYU
1984		13 472	5.53	13 835	24.04	112 543	9.63	110 492	3.07	199 985†	13.27	199 347†	1.72
1985		14 095	3.82	14 412	25.18	127 622	13.38	125 130	3.01	225 939	12.97	225 528	1.67
1986		14 885	5.16	15 194	25.92	151 704	18.04	150 670	2.73	261 747	15.32	261 575	1.55
1987		15 338	4.24	15 847	26.99	186 169	22.78	184 944	2.47	304 408	16.25†	304 230	1.47†
1983	4	13 219	7.11	13 082	23.97	102 291	10.29	100 484	3.14	176 194†	12.81	175 530†	1.80
1984	1	12 999	4.98	13 232	24.07	102 396	8.04	102 860	3.12	180 773	11.86†	181 375	1.77
	2	13 314	5.21	13 447	23.90	105 926	7.90	105 304	3.06	188 085	12.53	187 801	1.72
	3	13 614	5.81	13 636	24.01	108 238	9.05	107 845	3.07	192 761	13.04	193 648	1.71
	4	13 962	5.53	13 835	24.19	112 543	9.63	110 492	3.04	199 985	13.27	199 347	1.69
1985	1	13 704	5.43	13 957	24.70	114 613	11.53	114 896	3.07	206 207	13.84	206 739	1.69
	2	14 040	5.13	14 139	25.05	118 444	11.44	117 567	3.04	212 641	12.84	212 343	1.68
	3	14 212	3.79	14 149	25.28	123 494	13.70	122 138	2.99	218 981	13.38	219 418	1.66
	4	14 425	3.82	14 412	25.70	127 622	13.38	125 130	2.95	225 939	12.97	225 528	1.64
1986	1	14 255	4.13	14 452	25.73	134 011	16.68	133 548	2.89	236 456	14.53	236 722	1.61†
	2	14 464	3.24	14 597	25.84	140 790	18.63	140 582	2.73	246 316	15.71	246 555	1.55
	3	14 782	4.83	14 829	25.95	146 979	18.96	146 268	2.68	253 481	15.72	253 675	1.53
	4	15 159	5.16	15 194	26.18	151 704	18.04	150 670	2.64	261 747	15.32	261 575	1.52
1987	1	14 808	3.52	15 043	26.42	160 082	18.94	159 552	2.58	270 737	13.94	271 024	1.50
	2	15 131	4.19	15 212	26.69	168 374	19.10	167 621	2.48	281 430	13.83	281 394	1.47
	3	15 519	5.17	15 560	27.35	176 524	19.54	176 087	2.45	292 446	14.91	292 963	1.47
	4	15 894	4.24	15 847	27.31	186 169	22.78	184 944	2.36	304 408	16.25	304 230	1.43
Calendar month													
1986	J	14 340	4.09	14 371		127 073†	13.94†	127 375†		228 342†	13.10†	228 690†	
	F	14 119	3.83	14 392		128 080	15.56	128 528		230 521	14.53	232 057	
	M	14 305	4.13	14 452		134 011	16.68	133 548		236 456	14.53	236 722	
	A	14 377	2.13	14 425		135 032	17.49	135 226		238 195	14.91	239 144	
	M	14 537	3.68	14 548		139 490	19.09	138 935		243 060	15.70	243 257	
	J	14 477	3.24	14 597		140 790	18.63	140 582		246 316	15.71	246 555	
	J	14 720	3.10	14 613		142 254	18.25	141 242		248 647	15.38	247 807	
	A	14 856	4.11	14 742		142 676	16.44	142 135		249 622	14.63	250 126	
	S	14 770	4.83	14 829		146 979	18.96	146 268		253 481	15.72	253 675	
	O	14 683	4.88	14 831		148 278	18.51	147 652		256 325	15.87	256 862	
	N	14 827	5.22	14 975		150 497	18.63	149 054		258 951	15.78	259 191	
	D	15 956	5.16	15 194		151 704	18.04	150 670		261 747	15.32	261 575	
1987	J	14 922	4.06	15 102		150 478	17.58	152 509		261 755	13.89	262 650	
	F	14 694	4.07	14 982		153 438	18.94	155 411		264 240	13.88	266 659	
	M	14 809	3.52	15 043		160 082	18.94	159 552		270 737	13.94	271 024	
	A	15 134	5.27	15 120		163 259	20.39	163 041		274 266	14.59	275 125	
	M	15 176	4.40	15 188		166 497	18.87	165 336		277 696	13.71	277 645	
	J	15 083	4.19	15 212		168 374	19.10	167 621		281 430	13.83	281 394	
	J	15 506	5.34	15 401		172 697	20.90	171 337		286 838	14.93	285 799	
	A	15 519	4.46	15 440		174 911	22.10	173 659		289 511	15.56	289 580	
	S	15 533	5.17	15 560		176 524	19.54	176 087		292 446	14.91	292 963	
	O	15 501	5.50	15 659		182 121	22.29	182 358		297 720	15.70	299 356	
	N	15 548	4.86	15 708		183 483	21.39	182 340		299 403	15.18	300 300	
	D	16 633	4.24	15 847		186 169	22.78	184 944		304 408	16.25	304 230	
1988	J	15 639†		15 801†		184 162		186 015		304 861		305 217	

1 A fuller range of monetary aggegates is published monthly in 'Financial Statistics.
2 The monthly figures for M0 give the average of the amounts outstanding each Wednesday during the calendar month.


Monetary aggregates
£ billion, seasonally adjusted
log scale
350
300
250
200
150
100
20
15
10
1985
1986
1987
1988

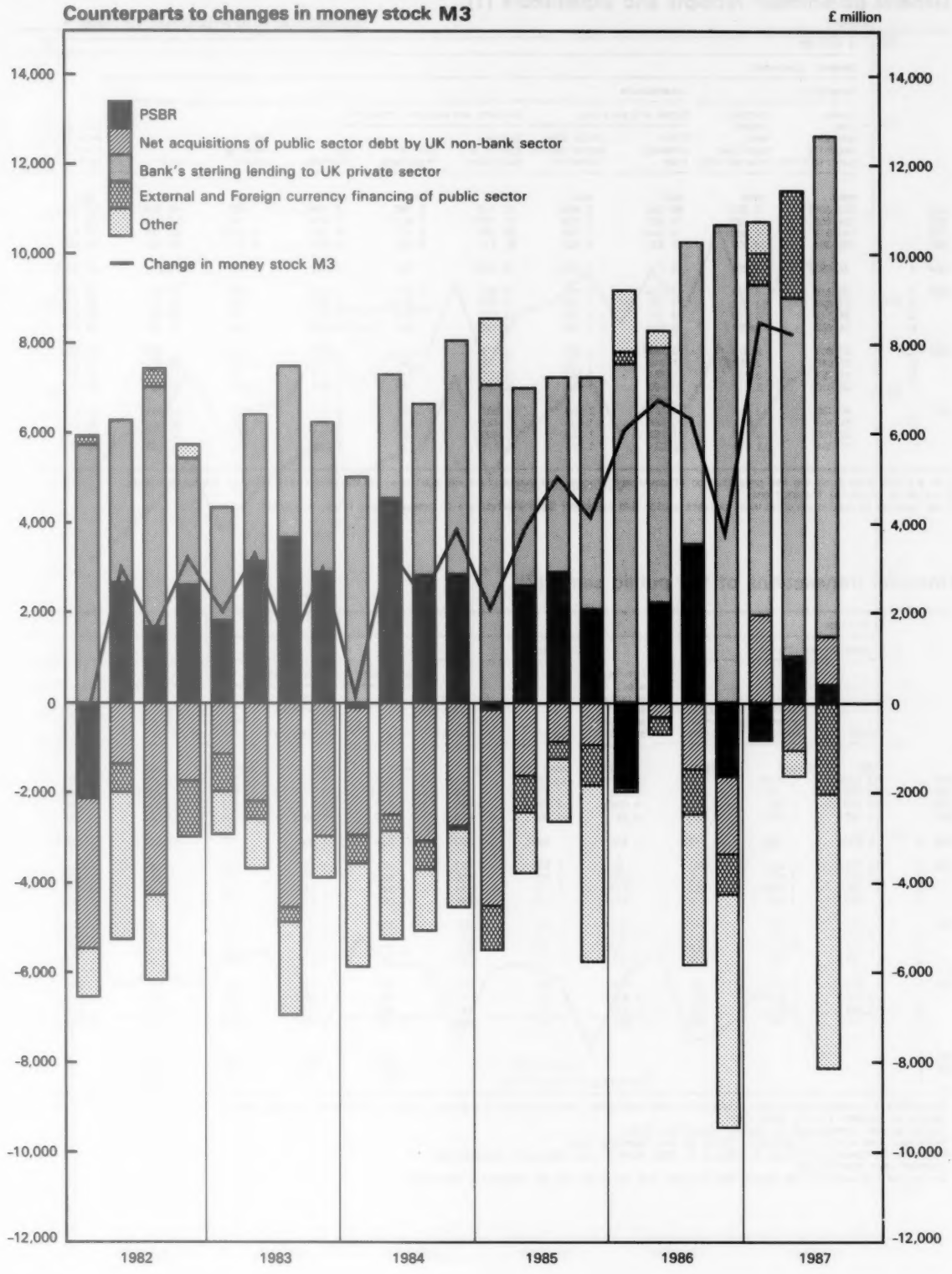
Counterparts to changes in money stock M3 (1)

£ million

		Public Sector Borrowing Requirement	Purchases by UK non-bank private sector of: Other public sector debt	Central government debt: British government stocks	Central government debt: Other	External and foreign currency financing of public sector: Purchase of British government stocks by overseas sector	External and foreign currency financing of public sector: Other	Banks' sterling lending to UK non-bank private sector	External and foreign currency transactions of UK banks	Net non-deposit sterling liabilities	Domestic counterparts	External and foreign currency counterparts	M3
		1	2	3	4	5	6	7	8	9	10	11	12
		ABEN	AGFA	ABGN	ABHJ	AARC	AQDA	AGFD	AGFJ	AGGG	AGFE	AGFF	AGCJ
1984		853	11	-619	-320	-81	-53	1 378	..	..	1 304	..	821
1985		627	123†	-531	-241	-243	-18	1 747	..	..	1 726†	..	1 255
1986		190†	186	-282	-205	-175	14†	2 537	..	..	2 427	..	1 918
1987		-114	159	-1†	-182†	-460†	960	3 218†	..†	..†	3 075	..†	2 879†
1983	4	976	82	-772	-301	17	-17	1 009	..	..	1 085	..	1 006†
1984	1	-26	-112	-583	-288	-115	-77	1 885	..	..	696	..	34
	2	1 531	-75	-477	-277	-21	-108	908	..	..	1 610	..	1 174
	3	953	-56	-684	-275	-68	-140	1 273	..	..	1 211	..	775
	4	956	287	-733	-459	-119	110	1 848	..	..	1 089	..	1 299
1985	1	-40	-7	-1 219	-231	-239	-92	2 366	..	..	870†	..	886
	2	867†	59	-320	-281	-426	158	1 469	..	..	1 785	..	1 277
	3	983	105†	-243	-206	-126	-15	1 436	..	..	2 135	..	1 679
	4	868	274	-340	-246	-183	-124	1 718	..	..	2 104	..	1 377
1986	1	-632	34	-42	-23	-24	134	2 507	..	..	1 844	..	2 040
	2	747	560	-286	-366	-256	129	1 883	..	..	2 526	..	2 261
	3	1 190	38	-255	-270	-180	-152	2 244	..	..	2 946	..	2 126
	4	-547	112	-547	-140	-242	-54†	3 514	-534	-319	2 394	-829†	1 245
1987	1	-270	198	586	-47	-257	445	2 472	214†	-489†	2 917	402	2 830
	2	467	279	-345†	-372	-586†	1 344	2 703†	-203	-519	2 728	555	2 764
	3	156	166	394	-146	-777	90	3 770	-684	-230	4 337	-1 372	2 736
	4	-806	-5	-618	-163†	-220	1 961	3 919	-534	-335	2 316	1 207	3 188
1986	M	2 970	34†	-353	-335	124	209	4 024	..	..	6 340†	..	5 661
	A	764†	560	-780	-441	-625	190	87	..	..	196	..	1 023
	M	1 015	560	988	-289	-27	21	1 487	..	..	3 768	..	4 460
	J	462	561	-1 066	-428	-115	177	4 076	..	..	3 613	..	1 299†
	J	-323	36	-100	-450	-619	-151	2 945	..	..	2 107	..	1 483
	A	1 707	36	-995	-477	-221	-68	1 796	..	..	2 068	..	403
	S	2 187	36	329	118	300	-237	1 992	..	..	4 662	..	4 493
	O	-153	-32	-1 147	-80	-240	-187†	3 315	702	-898†	1 895	275†	1 274
	N	-15	422	-628	-321	-254	-26	3 253	128	-340	2 712	-152	2 220
	D	-1 473	-54	135	-19	-231	52	3 974†	-2 432	278	2 575	-2 611	242
1987	J	-3 691	40	493	351	184	248	1 435	-519	235	-1 372	-89	-1 226
	F	-399	181	459	-209	-236	144	2 606	195†	182	2 639	103	2 924
	M	3 281	366	745	-282	-719	944	3 376	966	-1 884	7 484	1 191	6 791
	A	2 028	265	-166†	-63	-624†	1 782	1 129	-1 106	-63	3 187	52	3 176
	M	-123	482	-813	-454	-12	2 851	2 289	-351	-627	1 378	2 488	3 239
	J	-504	89	-56	-598	-1 123	-601	4 692	849	-867	3 618	-875	1 876
	J	-433	267	638	-121	-1 209	401	4 644	-1 540	1 673	4 989	-2 348	4 314
	A	683	429	281	-233	-533	-321	1 152	757	1	2 310	-97	2 214
	S	217	-197	263	-84	-589	189	5 514	-1 270	-2 363	5 713	-1 670	1 680
	O	-1 044	-9	122	-68†	-979	3 763	3 018	642	159	2 012	3 426	5 597
	N	-1 580	327	-1 345	-247	423	-175	3 328	178	459	477	426	1 362
	D	199	-333	-631	-174	-103	2 294	5 411	-2 421	-1 623	4 459	-230	2 606
1988	J	-6 360	-129	-457	234	-204	363	4 997	-1 679	1 112	-1 715	-1 520	-2 123
	F	-483											

Relationships between columns: 10 = 1+2+3+4+7; 11 = 5+6+8; 12 = 9+10+11

1 A wider range of figures is published monthly in "Financial Statistics."


Counterparts to changes in money stock M3
£ million
PSBR
Net acquisitions of public sector debt by UK non-bank sector
Bank's sterling lending to UK private sector
External and Foreign currency financing of public sector
Other
Change in money stock M3
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
-2,000
-4,000
-6,000
-8,000
-10,000
-12,000
1982
1983
1984
1985
1986
1987

General government receipts and expenditure (1)

£ million

		General government									
		Receipts(2)		Expenditure							
		Taxes, and social security contributions	Trading income rent, royalties interest etc.	Goods and services		Current and capital transfers					Public expenditure planning total
				Final consumption	Gross domestic capital formation	Current grants and subsidies	Capital transfers	Debt interest	Net lending etc(3)	Total	
		ABKA	ABKB	AAXI	ABKC	ABKD	AAYG	AAXL	ABAA	ABAB	ABAZ
1984		123 309†	12 858	69 885	6 466†	52 718	3 798	15 756†	-1 668	146 953†	126 057†
1985		134 656	14 526	74 082	7 219	57 232†	3 301†	17 474	-1 744	157 584	133 611
1986		143 517	12 893†	79 644†	7 296	59 269	3 101	17 191	-4 032†	162 469	137 836
1987		155 384	13 237	84 935	6 888	61 817	3 039	17 559	-6 657	167 581	142 927
1984	4	31 983†	3 294	18 074	1 505†	13 042†	907	3 934	-1 148	38 314†	31 942†
1985	1	35 319	3 684	18 534	2 481	14 824	1 037	4 641†	-248	41 269	36 083
	2	29 893	3 622	18 337	1 296	13 996	646†	3 837	-1 653	36 459	30 412
	3	34 512	3 529	18 291	1 734	14 216	813	4 673	-47	39 680	32 898
	4	34 932	3 691	18 920	1 708	14 196	805	4 323	204	40 156	34 218
1986	1	37 807	3 378	19 684†	2 833	14 275	944	4 822	-604†	41 954	36 183
	2	32 943	3 168†	19 716	1 204	14 780	655	3 743	-1 227	38 871	32 667
	3	34 757	3 131	19 784	1 563	15 030	773	4 727	46	41 923	34 904
	4	38 010	3 216	20 460	1 696	15 184	729	13 899	-2 247	39 721	34 082
1987	1	40 135	3 464	20 751	2 559	15 567	946	5 210	-552	44 481	37 829
	2	34 730	3 117	20 884	1 038	15 422	616	3 568	-3 081	38 445	32 976
	3	39 195	3 078	21 269	1 590	15 409	752	4 980	-1 591	42 389	35 565
	4	41 304	3 578	22 031	1 701	15 419	725	3 823	-1 433	42 266	36 557

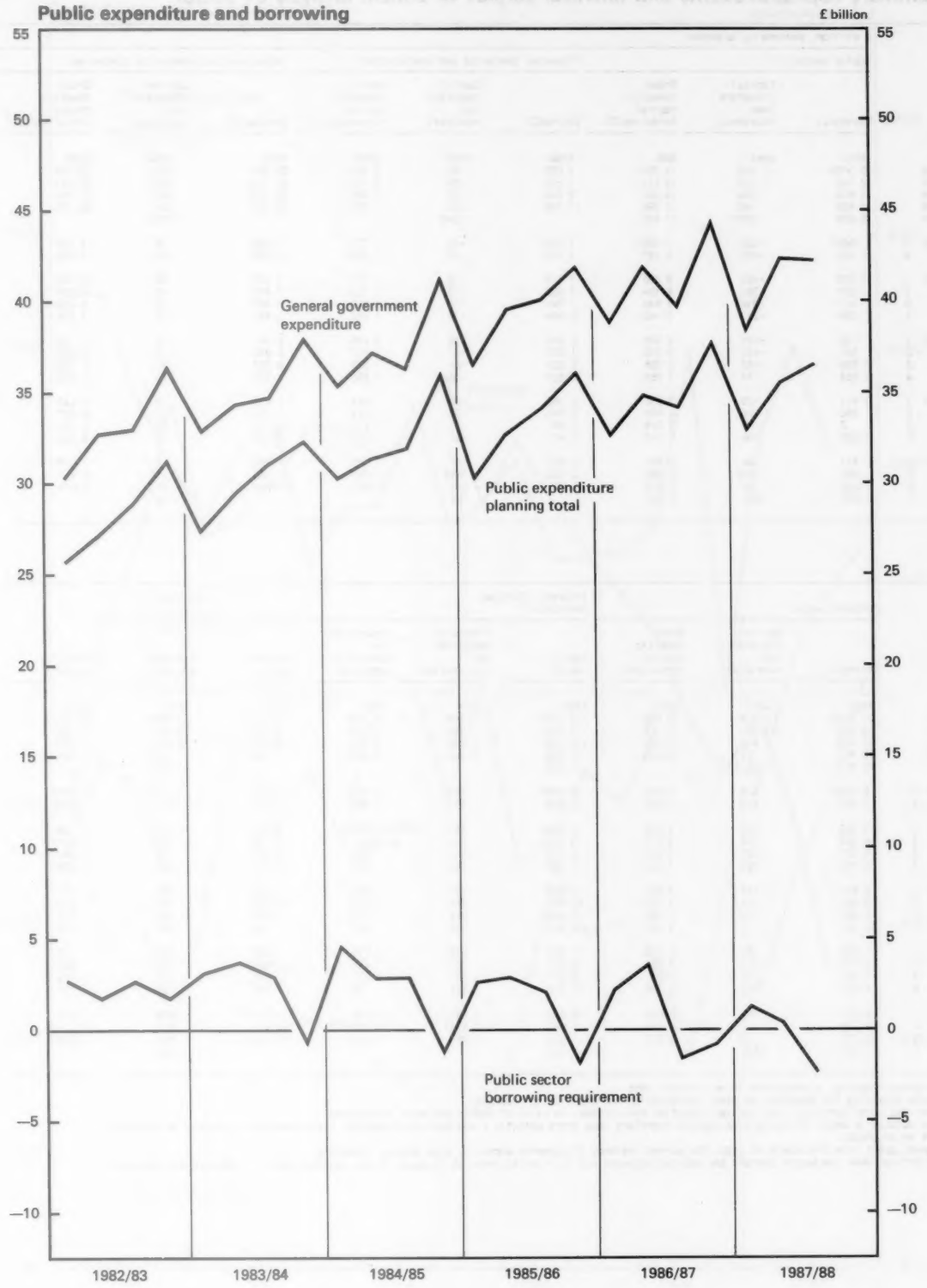
1 An article describing the new presentation of government income and expenditure was published in the March 1977 issue of Economic Trends.
2 Excluding financial transactions.
3 Net lending to public corporations, private sector and overseas; cash expenditure on company securities, etc.(net).

Financial transactions of the public sector(7)

£ million

		Financial deficit(1)				Receipts					
								Borrowing requirement(4)			
		Total	General government(2)	Public corporations	Net lending etc., to private sector and overseas(3)	Total	Financial transactions (net receipts)	Total	Central government (own account)(5)	Local authorities	Public corporations	Seasonally adjusted Total(6)
		AABE	AABC	AABD	ABXG	ABKH	ABKI	ABEN	ABEB	ABEG	ABEM	ABFB
1984		-12 948†	12 454†	-494†	-2 427	10 521†	281†	-10 240	6 661	2 304	-1 275	10 240
1985		-10 059	10 126	50	-2 282	7 777	256	-7 521†	6 242	1 578	299†	7 521†
1986		-8 839	10 091	1 258	-4 069†	4 770	2 495	-2 275	2 516	673	914	2 275
1987		-4 728	5 637	1 008	-6 297	-1 569	-203	1 366	-1 091†	1 008†	1 283	-1 366
1984	4	-2 260†	2 185†	-73†	-1 374	886†	-1 983†	-2 869	1 350	-55	-1 574	1 483
1985	1	-2 892	2 514	-381	64	2 956	3 077	121	-1 186	1 202	137	2 839
	2	-4 588	4 597	5	-1 383	3 205	605	-2 600†	2 667	473	540†	1 423†
	3	-1 935	1 686	-253	-517	1 418	-1 531	-2 949	2 444	640	135	2 093
	4	-644	1 329	679	-446	198	-1 895	-2 093	2 317	-737	-513	1 166
1986	1	-923	1 373	447	-721†	202	2 098	1 896	-3 157	1 296	35	528
	2	-3 639	3 987	351	-1 061	2 578	337	-2 241	3 072	-103	728	1 946
	3	-4 252	3 989	-259	-43	4 209	638	-3 571	3 637	130	196	1 871
	4	-25	742	719	-2 244	-2 219	-578	1 841	-1 036	-650	-45	-2 070
1987	1	-1 473	1 434	-35	-616	857	1 666	809	-1 126	862	545	276
	2	-3 209	3 679	489	-2 418	791	-610	-1 401	1 712†	191	502	718
	3	-1 759	1 707	-34	-1 735	24	-443	-467	317	337	187	333
	4	1 713	-1 183	586	-1 528	-3 241	-816	2 425	-1 994	-382†	49	-2 693
1987	D							199†	-521†	628†	92†	
1988	J							-6 360	-5 976	-72	-312	
	F							-483	-286	211	-409	

1 The excess of current and capital expenditure over receipts; corresponds to a negative figure of financial surplus/deficit.
2 Top table, columns 3 to 7, less 1 and 2.
3 Including cash expenditure on company securities (net).
4 Redefined: see article in Economic Trends No 364, February 1984.
5 Excluding borrowing matched by on-lending to local authorities and public corporations.
6 Calendar year constrained.
7 Due to the inclusion of the latest PSBR figures this table may not be internally consistent.


Public expenditure and borrowing
£ billion
55
50
45
40
35
30
25
20
15
10
5
0
—5
—10
General government expenditure
Public expenditure planning total
Public sector borrowing requirement
1982/83
1983/84
1984/85
1985/86
1986/87
1987/88

Summary capital accounts and financial surplus or deficit: analysis by sector

£ million, seasonally adjusted

		Public sector(1)			Financial companies and institutions			Industrial and commercial companies		
		Saving(2)	Capital transfers (net receipts)	Gross domestic capital formation(3)	Saving(2)	Capital transfers (net receipts)	Gross domestic capital formation(3)	Savings(2)	Capital transfers (net receipts)	Gross domestic capital formation(3)
		ABKJ	ABKK	ABKL	AAUM	AAUN	GGCX	AAUQ	AAUR	GGCW
1983		5 378†	-1 366	14 297†	7 006	-61	5 376	25 851	313	19 738
1984		2 143	-1 520	13 571	7 800	-65	7 155	31 714	194	24 611
1985		3 513	-535	13 037	9 085	-92	7 863	33 756	189	27 088
1986		3 809	48	12 696	11 799	-150	7 261	33 880	124	28 176
1987		6 065	687†	11 480		-184†			-152†	
1983	3	980†	-330	3 605†	1 732	-15	1 273	7 626	35	5 244
	4	1 124	-455	3 497	1 776	-16	1 389	6 509	49	5 462
1984	1	1 016	-490	3 385	1 719	-16	1 516	7 283	60	5 739
	2	331	-397	3 194	2 006	-16	1 759	7 472	46	5 871
	3	401	-316	3 549	1 741	-16	1 918	8 468	50	5 956
	4	395	-317	3 443	2 334	-17	1 962	8 491	38	7 045
1985	1	-95	-227	3 308	2 346	-19	2 458	8 701	72	7 120
	2	551	-142	3 318	1 887	-21	1 517	8 945	-13	6 693
	3	1 999	-92	3 355	2 321	-24	1 963	8 388	26	6 706
	4	1 058	-74	3 056	2 531	-28	1 885	7 722	104	6 569
1986	1	1 411	-20	3 336	2 786	-32	1 944	7 472	3	6 242
	2	890	-22	3 168	2 749	-34	1 749	7 752	63	6 327
	3	2	-45	3 049	2 847	-40	1 710	10 147	49	7 164
	4	1 506	135	3 143	3 417	-44	1 858	8 509	9	8 443
1987	1	411	94	2 997	3 659	-43	1 785	9 859	4	7 809
	2	994	45†	2 585	3 380	-44†	1 958	11 480	-11†	8 414
	3	2 082	80	3 016	3 937	-43	1 867	11 886	-35	9 664
	4	2 578	468	2 882		-54			-110	

		Personal sector			Financial Surplus Deficit(4)					
		Saving(2)	Capital transfers (net receipts)	Gross domestic capital formation(3)	Public sector	Financial companies and institutions	Industrial and commercial companies	Personal sector	Overseas sector(5)	Balancing item(6)
		AAUU	AAUV	GGCV	AAVE	AAVF	AAVG	AAVH	AAVI	AAVJ
1983		21 741†	1 114	14 938	-10 287†	1 569	6 426	7 766	-3 753†	-1 721†
1984		23 522	1 391	15 205	-12 948	580	7 297	9 372	-2 009	-2 292
1985		22 103	438	16 226	-10 059	1 130	6 857	6 023	-3 275	-676
1986		18 852	-22	18 529	-8 839	4 388	5 828	503	-46	-1 834
1987		15 212	-351†		-4 728				1 679	
1983	3	5 342†	310	3 831	-2 949†	444	2 417	1 772	-1 214†	-470†
	4	5 857	422	3 893	-2 828	371	1 096	2 322	-677	-284
1984	1	5 962	446	4 005	-2 859	187	1 804	2 299	-1 325	94
	2	5 359	367	3 626	-3 260	231	1 647	2 016	183	-817
	3	5 921	282	3 844	-3 464	-193	2 562	2 283	93	-1 281
	4	6 280	296	3 730	-3 365	355	1 484	2 774	-960	-288
1985	1	5 441	174	3 931	-3 630	-171	1 653	1 634	143	371
	2	6 081	176	4 139	-2 909	349	2 239	2 035	-1 506	-208
	3	5 090	90	3 974	-1 448	334	1 708	1 161	-1 240	-515
	4	5 491	-2	4 182	-2 072	618	1 257	1 193	-672	-324
1986	1	5 006	49	4 173	-1 945	810	1 233	898	-969	-27
	2	4 948	-7	4 389	-2 300	966	1 488	536	-381	-309
	3	4 561	36	4 831	-3 092	1 097	3 032	-225	747	-1 559
	4	4 337	-100	5 136	-1 502	1 515	75	-706	557	61
1987	1	4 811	-55	5 045	-2 492	1 831	2 254	-199	-800	-594
	2	4 376	10	5 423	-1 546	1 378†	3 055†	-1 076	300	-2 111
	3	3 035	-2†	5 816	-854	2 027	2 187	-2 373†	896	-1 883
	4	2 990	-304		164				1 283	

1 Excluding financial transactions in writing-off debt.
2 Before providing for depreciation stock appreciation and addition to reserves.
3 Comprises gross domestic fixed capital formation and increase in value of stocks and work in progress.
4 This balance is equal to saving plus capital transfers less gross domestic fixed capital formation, less increase in value of stocks and work in progress.
5 Equals, apart from the change in sign, the current balance of payments accounts, plus capital transfers.
6 For periods when the sector current and capital accounts are fully articulated it is equal to the residual error in the national accounts.

Sector financial surplus/deficit
£ million
seasonally adjusted
Financial surplus
5,000
4,000
3,000
2,000
1,000
0
—1,000
—2,000
—3,000
—4,000
—5,000
Personal sector
Industrial and commercial companies sector
Overseas sector
Public sector
Financial deficit
1982
1983
1984
1985
1986
1987

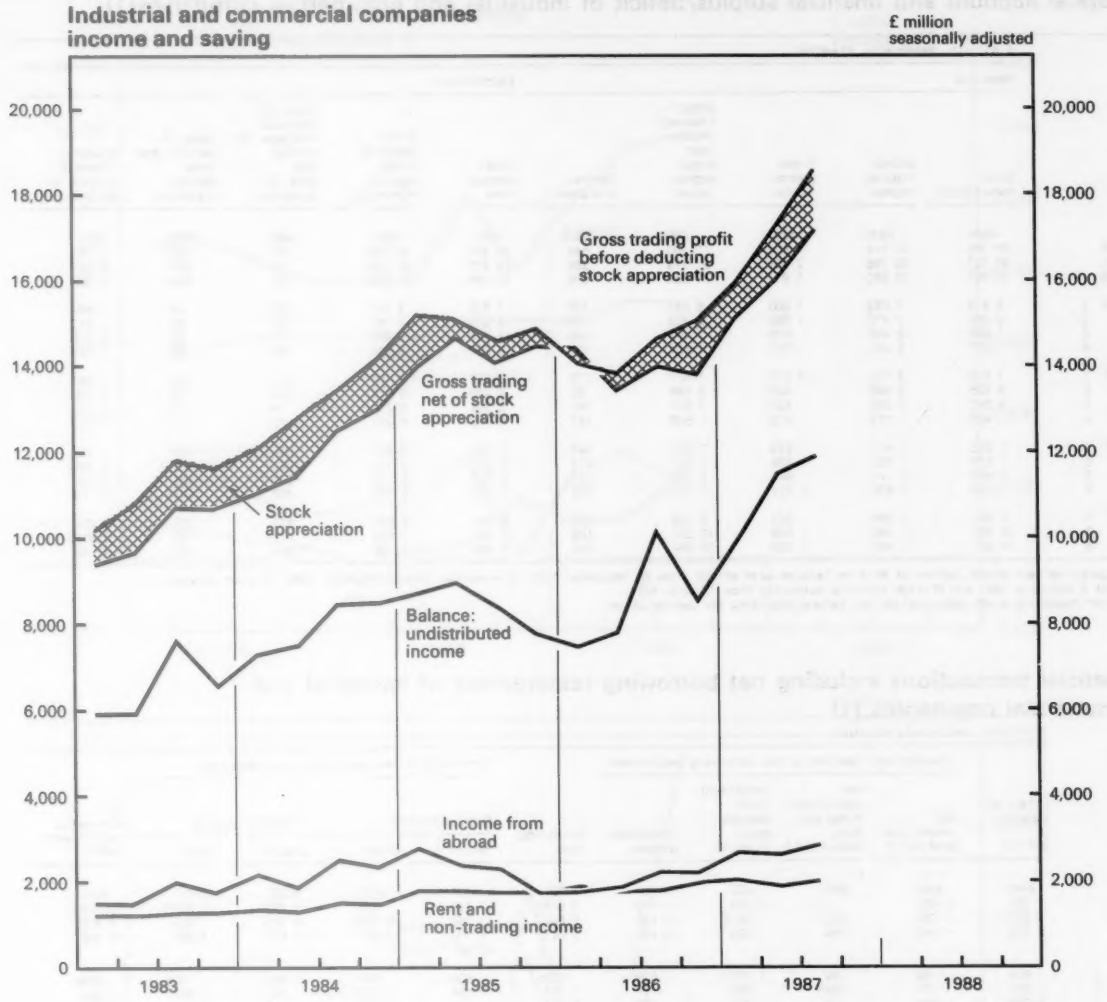
Appropriation account of industrial and commercial companies(1)

£ million, seasonally adjusted

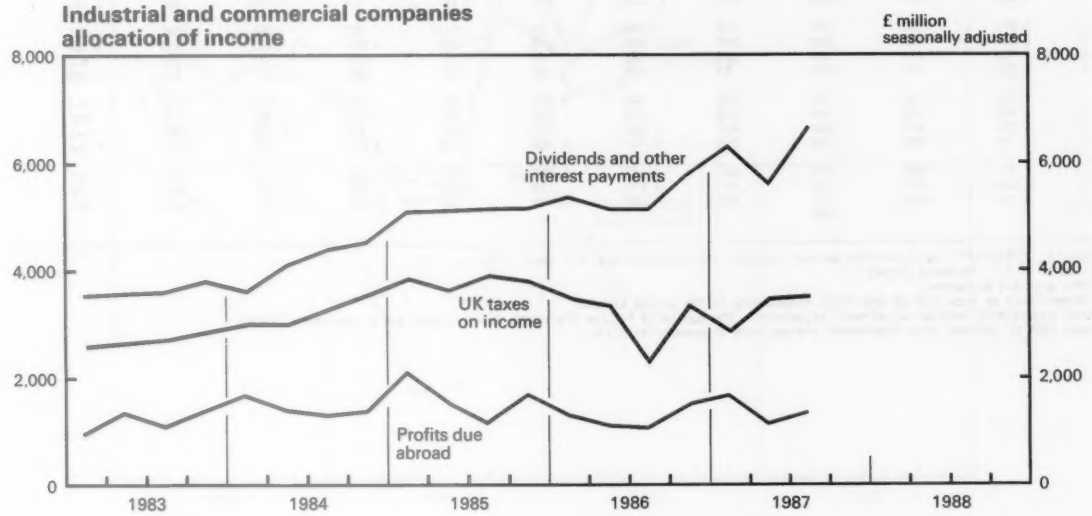
		Income								Allocation of income				Balance	
			Income arising in the United Kingdom							Dividends, interest and other transfer payments					
			Gross trading profits												
			Net of stock appreciation												
		Total income	Total(2)	N. Sea oil companies	Other companies	Stock appreciation	Before deducting stock appreciation	Rent and non-trading income	Income from abroad (net of taxes paid abroad)	Dividends on ordinary shares(3)	Other (3,4)	Profits due abroad (net of UK tax)	UK taxes on income: payments (5)	Undistributed income (6)	Undistributed income adjusted for unremitted profits (6,7)
		AIAN	AIAD	CIDT	CIDU	AIAP	AIAQ	AIAR	AIAS	AIAU	AIAV	AIAW	AIAY	AAUQ	AIAZ
1977		25 925	17 503	1 971	15 532	4 118	21 621	1 721	2 583	1 740	3 676	1 729	2 496	16 284	16 349
1978		29 692	21 132	2 614	18 518	3 443	24 575	2 133	2 984	1 941	4 227	1 980	3 246	18 298	18 260
1979		39 986	23 971	5 255	18 716	7 408	31 379	2 923	5 664	3 471	6 303	3 711	4 245	22 236	23 185
1980		40 013	26 090	8 056	18 034	5 364	31 454	3 587	4 972	3 247	8 842	4 424	5 705	17 795	18 554
1981		43 100	28 470	10 864	17 606	5 005	33 475	4 197	5 428	3 357	8 860	4 182	7 854	19 047	18 767
1982		46 628	33 512	12 726	20 786	3 460	36 972	4 430	5 226	4 034	9 751	3 973	9 223	19 647	19 108
1983		55 682	40 241	15 683	24 558	4 131	44 372	4 807	6 503	4 785	9 591	4 631	10 824	25 851	24 904
1984		66 435	47 800	19 008	28 792	4 554	52 354	5 427	8 654	5 377	10 997	5 536	12 811	31 714	29 113
1985		75 569	57 167	18 359	38 808	2 583	59 750	6 831	8 988	6 590	13 751	6 354	15 118	33 756	32 490
1986		72 481	55 584	8 387	47 197	1 911	57 495	7 187	7 799	8 922	12 373	4 825	12 481	33 880	32 437
1979	4	10 727	6 372	1 591	4 781	1 969	8 341	835	1 551	1 583	1 868	1 029	1 029	5 238	5 543
1980	1	11 284	6 516	1 896	4 620	2 404	8 920	894	1 470	834	2 162	1 227	1 495	5 566	6 015
	2	10 367	7 065	1 981	5 084	1 140	8 205	873	1 289	693	2 183	1 273	1 081	5 137	5 286
	3	9 093	6 011	2 015	3 996	1 165	7 176	899	1 018	865	2 163	909	1 465	3 691	3 832
	4	9 269	6 498	2 164	4 334	655	7 153	921	1 195	855	2 334	1 015	1 664	3 401	3 421
1981	1	9 508	6 196	2 393	3 803	1 085	7 281	911	1 316	829	2 059	902	1 683	4 035	3 816
	2	10 242	6 712	2 724	3 988	1 404	8 116	934	1 192	887	2 085	761	1 693	4 816	4 363
	3	11 304	7 423	2 857	4 566	1 393	8 816	1 148	1 340	865	2 229	1 064	1 925	5 221	5 034
	4	12 046	8 139	2 890	5 249	1 123	9 262	1 204	1 580	776	2 487	1 455	2 353	4 975	5 754
1982	1	10 236	6 915	2 626	4 289	910	7 825	1 167	1 244	1 231	2 430	1 004	2 203	3 368	2 892
	2	11 839	8 735	3 052	5 683	710	9 445	1 143	1 251	944	2 549	934	2 438	4 974	4 797
	3	11 838	8 621	3 509	5 112	925	9 546	1 055	1 237	925	2 391	926	2 375	5 221	5 054
	4	12 715	9 241	3 539	5 702	915	10 156	1 065	1 494	934	2 381	1 109	2 207	6 084	6 365
1983	1	12 859	9 335	3 612	5 723	848	10 183	1 187	1 489	992	2 500	920	2 590	5 857	5 562
	2	13 341	9 612	3 691	5 921	1 123	10 735	1 186	1 440	1 163	2 366	1 310	2 643	5 859	5 846
	3	14 995	10 551	4 200	6 461	1 183	11 844	1 219	1 932	1 214	2 365	1 052	2 738	7 626	7 392
	4	14 487	10 633	4 180	6 453	977	11 610	1 235	1 642	1 416	2 360	1 349	2 853	6 509	6 104
1984	1	15 482	11 037	4 189	6 848	1 002	12 039	1 304	2 139	1 187	2 382	1 631	2 999	7 283	7 121
	2	15 833	11 434	4 651	6 783	1 350	12 784	1 248	1 801	1 418	2 604	1 344	2 995	7 472	7 201
	3	17 293	12 420	4 920	7 500	975	13 395	1 447	2 451	1 283	3 056	1 239	3 247	8 468	7 828
	4	17 827	12 909	5 248	7 661	1 227	14 136	1 428	2 263	1 489	2 955	1 322	3 570	8 491	6 963
1985	1	19 655	13 943	5 111	8 832	1 274	15 217	1 736	2 702	1 381	3 675	2 069	3 829	8 701	8 498
	2	19 157	14 690	4 925	9 765	408	15 099	1 728	2 330	1 562	3 511	1 521	3 618	8 945	8 455
	3	18 490	14 070	4 124	9 946	487	14 557	1 670	2 263	1 851	3 248	1 124	3 879	8 388	7 959
	4	18 267	14 464	4 199	10 265	413	14 877	1 697	1 693	1 796	3 317	1 640	3 792	7 722	7 578
1986	1	17 555	14 410	3 107	11 303	-373	14 037	1 812	1 706	2 121	3 201	1 279	3 482	7 472	7 434
	2	17 296	13 402	1 666	11 736	385	13 787	1 710	1 799	2 240	2 883	1 072	3 369	7 752	7 644
	3	18 526	13 987	1 841	12 146	642	14 629	1 735	2 162	2 117	2 974	1 031	2 257	10 147	9 856
	4	19 104	13 785	1 973	11 812	1 257	15 042	1 930	2 132	2 444	3 335	1 443	3 373	8 509	7 503
1987	1	20 587	15 128	2 407	12 721	821	15 949	2 006	2 632	2 998	3 248	1 638	2 846	9 859	8 955
	2	21 646	16 000	2 313	13 687	1 248	17 248	1 822	2 576	2 473	3 102	1 136	3 455	11 480	10 523
	3	23 371	17 145	2 505	14 640	1 432	18 577	1 996	2 798	3 329	3 296	1 341	3 519	11 886	10 984

1 Figures reflect privatisation of British Telecom with effect from 28 November 1984, British Gas from 3 December 1986, British Airways from 6 February 1987 and British Airports Authority from 16 July 1987.
2 Before providing for depreciation.
3 Dividend payments on ordinary and preference shares are net of tax; the advance corporation tax in respect of those dividends is included in UK taxes on income. Excludes dividend and debenture interest paid by UK subsidiaries to their overseas parents.
4 Including royalties and licence fees on oil and gas production.
5 Mainly payments of corporation tax (including advance corporation tax) and petroleum revenue tax.
6 Before providing for depreciation, stock appreciation and additions to reserves.
7 Excludes profits retained abroad by overseas subsidiaries of UK companies. Includes profits retained in the United Kingdom by subsidiaries of overseas companies.

Industrial and commercial companies income and saving



Industrial and commercial companies allocation of income



Capital account and financial surplus/deficit of industrial and commercial companies(1)

£ million, seasonally adjusted

		Receipts					Expenditure				
		Total receipts(2)	Undistributed income	Stock appreciation	Undistributed income less stock appreciation	Capital transfers	Total expenditure	Gross domestic fixed capital formation	Value of physical increase in stocks and work in progress	Taxes on capital and other capital transfers	Balance: Financial surplus or deficit
		FMBA	AAUQ	AIAP	FMBC	CIDZ	FMBF	AAUS	FMBG	FMBH	AAVG
1984		27 704	31 714	4 554	27 160	544	20 407	19 353	704	350	7 297
1985		31 732	33 756	2 583	31 173	559	24 875	24 539	-34	370	6 857
1986		32 667	33 880	1 911	31 969	698	26 839	25 994	271	574	5 828
1984	1	6 419	7 283	1 002	6 281	138	4 815	4 394	343	78	1 604
	2	6 256	7 472	1 350	6 122	134	4 609	4 761	-240	88	1 647
	3	7 638	8 468	975	7 493	145	5 076	4 864	117	95	2 562
	4	7 391	8 491	1 227	7 264	127	5 907	5 334	484	89	1 484
1985	1	7 605	8 701	1 274	7 427	178	5 952	6 158	-310	106	1 653
	2	8 629	8 945	409	8 536	93	6 390	5 942	342	106	2 239
	3	8 042	8 388	487	7 901	141	6 334	6 210	9	115	1 708
	4	7 456	7 722	413	7 309	147	6 199	6 231	-75	43	1 257
1986	1	7 992	7 472	-373	7 845	147	6 759	6 361	254	144	1 233
	2	7 578	7 752	385	7 367	211	6 090	6 178	-234	146	1 488
	3	9 689	10 147	642	9 505	184	6 657	6 753	-231	135	3 032
	4	7 408	8 509	1 257	7 252	156	7 333	6 704	482	147	75
1987	1	9 200	9 859	821	9 038	162	6 946	6 685	103	158	2 254
	2	10 358	11 480	1 248	10 232	126	7 306	7 243	-77	140	3 055†
	3	10 567	11 886	1 432	10 454	113	8 384	7 188	1 044	152	2 183

1 Figures reflect privatisation of British Telecom with effect from 28 November 1984, British Gas from 3 December 1986, British Airways from 6 February 1987 and British Airports Authority from 16 July 1987.
2 After deducting stock appreciation but before providing for depreciation.

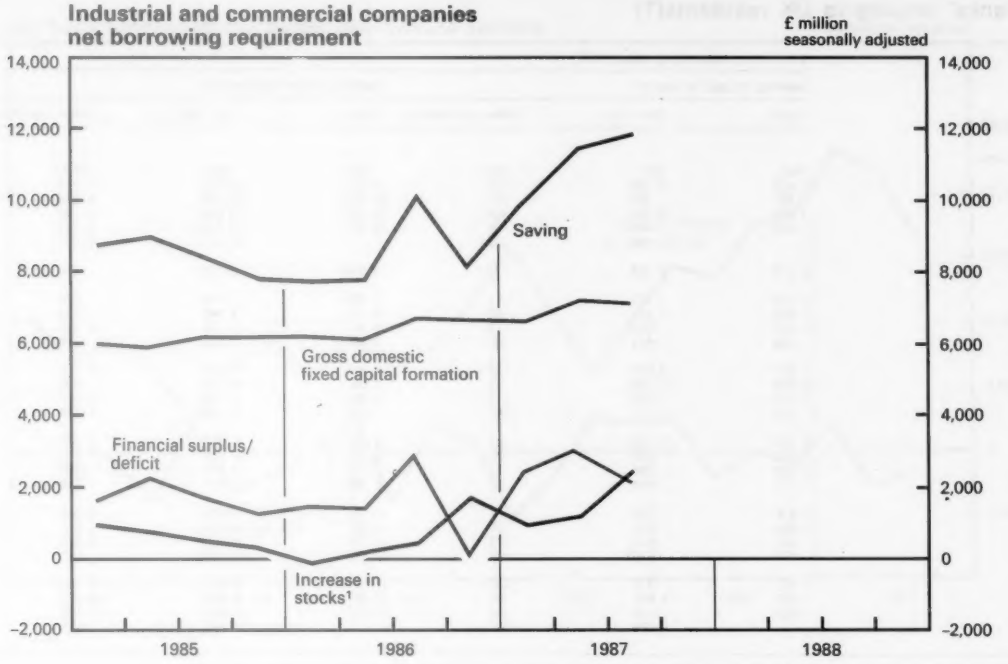
Financial transactions including net borrowing requirement of industrial and commercial companies (1)

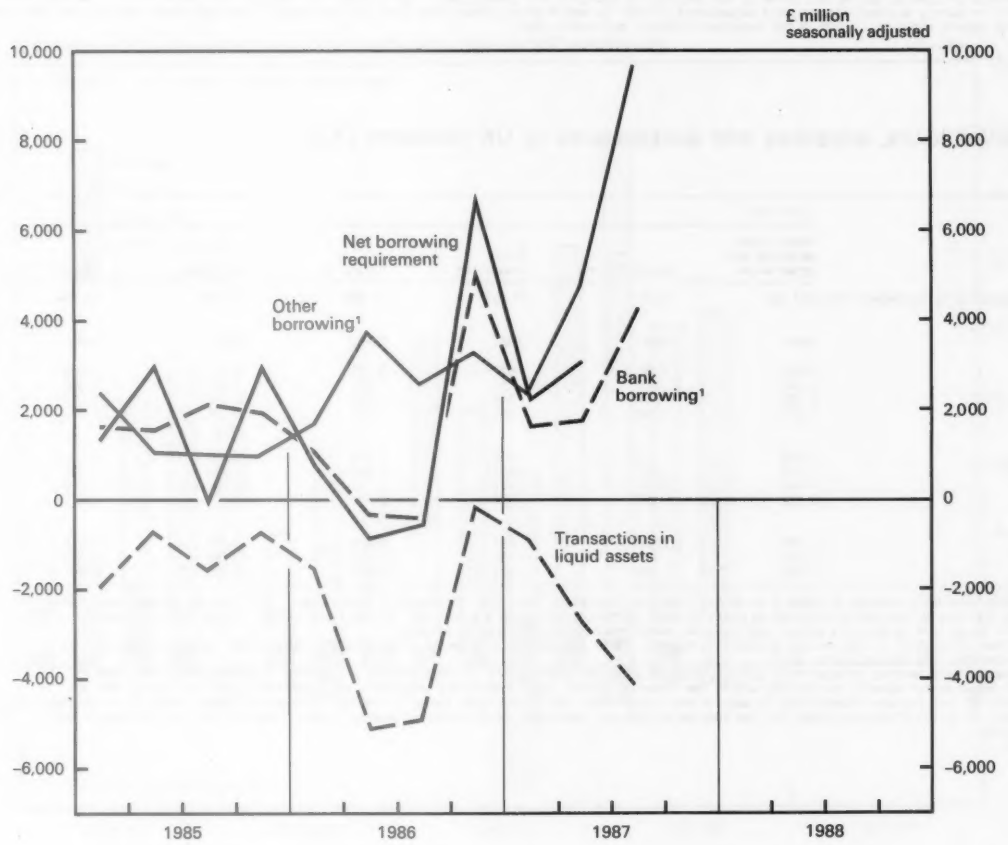
£ million, seasonally adjusted

		Transactions leading to net borrowing requirement					Financing of net borrowing requirement(5)				
		Financial surplus or deficit	Net unremitted profits(2)	Net identified trade and other credit(3,5)	Investment in UK company securities(4)	Investment abroad	Balancing item	Borrowing from		Financial assets		Net borrowing requirement (NBR)
								Banks(6)	Other	Liquid	Other	
		AAVG	AICX	ABKP	AICC	AIDC	AIDD	AIDF	AIDJ	AIDG	AICV	AIDI
1984		7 297	-2 601	11	3 034	-1 579	2 618†	-7 191†	-536	-2 205	-1 934†	2 516†
1985		6 857	-1 266	-323	1 341†	-4 430	6 600	-7 194	5 343†	-4 923	-704	6 910
1986		5 828	-1 443	-364	1 339	-5 422	6 847	-9 179	10 631	-11 617	1 362	10 062
1987								-12 649				
1984	1	1 604	-162	792	1 033†	-839†	-920†	803	879	-1 080	70†	558†
	2	1 647	-271	-295†	660	-31	1 213	1 064	-3 017	1 405	-1 092	-1 603
	3	2 562	-640	77	324	-326	-2 843	1 567	1 078	-914	-265	1 494
	4	1 484	-1 528	-550	1 017	-378	-331	3 641	724	-1 363	-647	2 320
1985	1	1 653	-203	781	474	-1 886	-1 156	1 817	2 380†	-1 984	-862	1 285
	2	2 239	-490	-858	547	-880	-3 228	1 559	1 000	-862	1 707	3 764
	3	1 708	-429	454	229	-868	-28	2 162	989	-1 592	-2 279	-806
	4	1 257	-144	-697	91	-820	-2 188	1 991	984	-671	830	2 683
1986	1	1 233	-38	1 622	104	442	-5 074	1 090	1 396	-1 456†	30	1 919
	2	1 488	-108	-764	518	-425	1 229	-328	3 553	-5 105	-58	-902
	3	3 032	-291	-844	467	-2 829	-150	-400	2 373	-4 906	2 601	1 549
	4	75	-1 006	-348	250	-3 101	-2 754	5 076	3 211	343	-1 211	7 384
1987	1	2 254	-900	1 306	380	-1 013	-2 809	1 627	2 029	-1 373	-752	1 522
	2	3 055†	-957	-429	1 159	-3 570	182	1 767	4 857	-2 891	-996	2 878
	3	2 187	-902	191	429	-5 382	-6 726	4 284	9 281	-3 007	389	11 061
	4			-395								

1 Inflows(+), outflows(-); Relationships between colums: 1+2+3+4+5+6+7+8+9+10 = zero; 7+8+9+10 = 11
2 Retained in UK (+), retained abroad (-).
3 Includes accruals adjustment.
4 Cash expenditure on subsidiaries and trade investments in the United Kingdom.
5 Seasonal adjustments include day-of-week adjustments. The quarterly figures therefore do not always sum to the annual totals.
6 Includes Bank of England Issue Department transactions in commercial bills.

Industrial and commercial companies net borrowing requirement





UK banks' lending to UK residents(1)

	£ million, seasonally adjusted(2)					
	Lending to public sector			Lending to private sector		
	Total	Sterling	Other currencies	Total	Sterling	Other currencies
Transactions	FPAA	AEBT	AECC	FPAD	AECI	AECO
1983	-1 905	-2 039	115	14 321	13 628	1 418
1984	881	892	291	21 446	13 479	4 905
1985	-1 688	-2 092	404	25 708	19 839	4 740
1986	-596	-954†	30	38 332	29 923†	8 215
1987		-156	-339†		44 329	10 506†
1982 4	-2 218	-2 508	-71	3 916	3 359	495
1983 1	1 143	1 427	-	1 395	1 710	-215
2	-1 872	-1 989	-20	4 153	3 545	545
3	-1 077	-840	-50	5 331	4 115	1 196
4	-99	-644	185	3 442	3 533	-108
1984 1	1 678	2 084	-36	5 374	4 273	1 102
2	-2 368	-2 363	43	3 987	3 128	808
3	1 116	1 029	115	4 995	4 014	1 047
4	455	-121	169	7 090	5 126	1 948
1985 1	-3 138	-2 784	89	9 404	6 254	3 225
2	-1 342	-1 360	35	6 334	4 863	1 382
3	1 582	1 566	22	3 705	4 524	-806
4	1 210	486	258	6 265	5 327	939
1986 1	1 619	754	1	8 632	6 490	2 362
2	-1 304	-345	-69	8 092	6 415	1 575
3	-187	-647	195	10 579	6 859	3 688
4	-724	-716†	-97	11 029	10 681†	590
1987 1	1 282	810	220†	14 121	6 552	7 158†
2	-1 680	-1 645	45	13 260	8 698	4 679
3	-983	-115	-42	10 221	11 456	-1 198
4		1 099	-562		11 580	-135

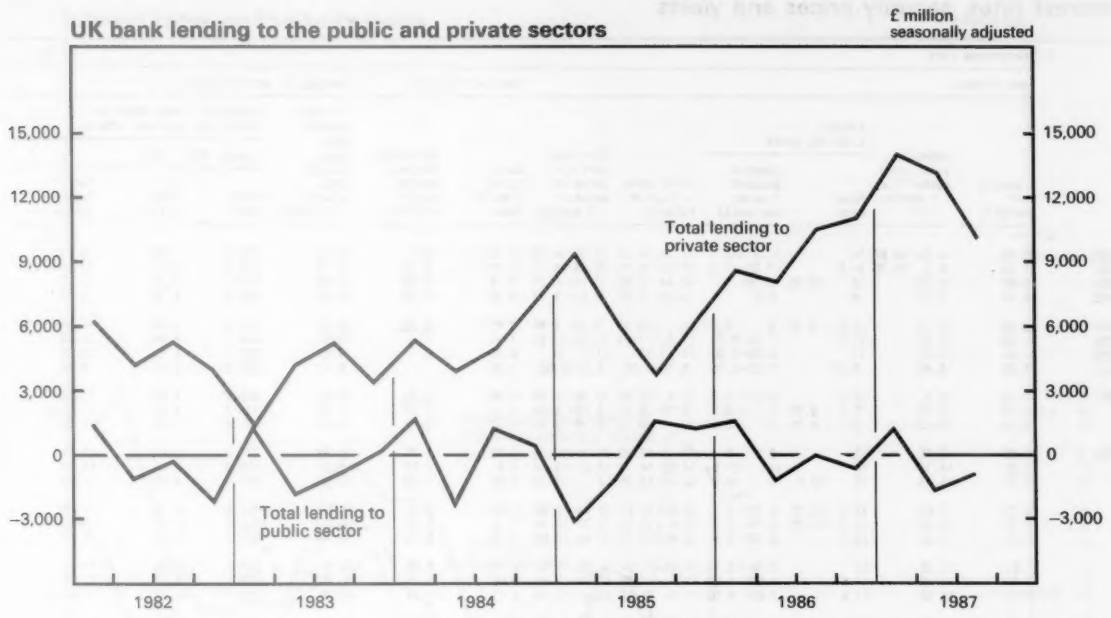
1 Seasonally adjusted data is shown on a calendar year basis whereas data for pages 5,52 and 54 are on a financial year basis.
2 The seasonally adjusted quarterly figures do not necessarily add up to the (unadjusted) figures shown for the year as a whole. This is because, as well as allowing for purely seasonal factors, the adjustments attempt to remove other distortions (such as the effect of the particular days of the week on which a quarter begins and ends), which do not necessarily cancel out over a year.

UK banks' loans, advances and acceptances to UK residents (1,2)

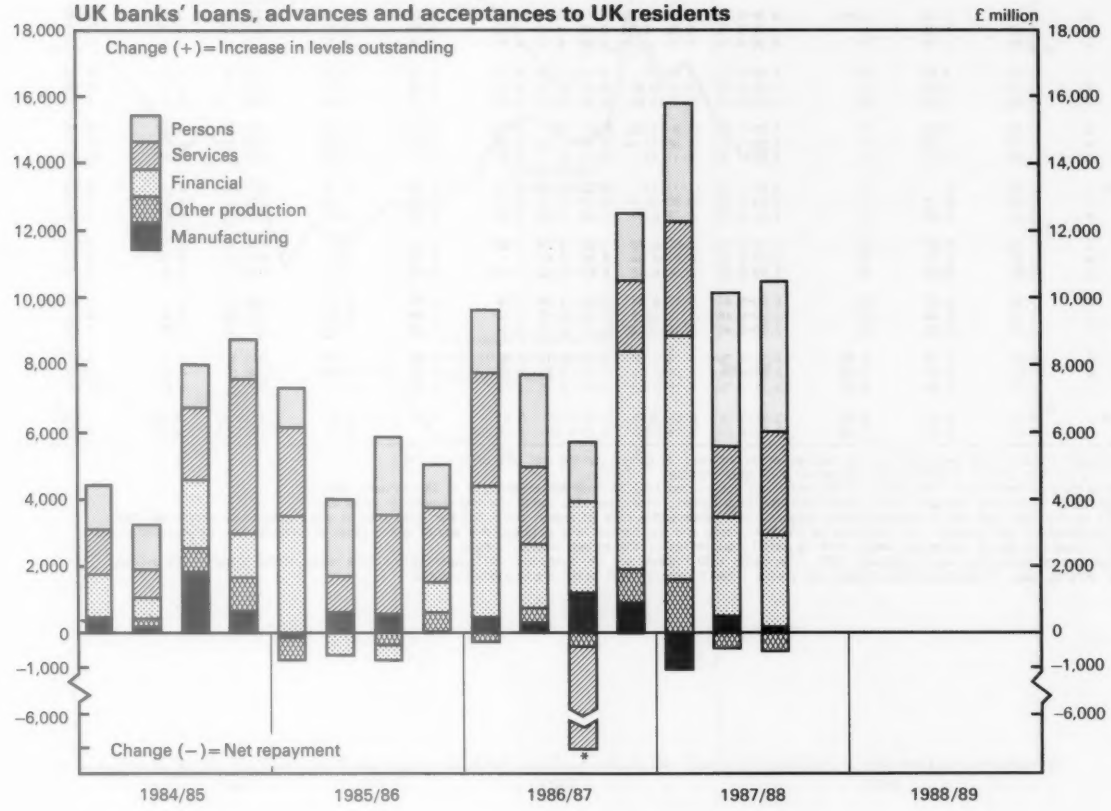
	£ million					
	Total loans, advances and acceptances	Manufacturing	Other production	Financial	Services	Persons
Amounts outstanding (November 1987):	244 664	29 617	17 451	71 895	62 887	62 864
Changes	FRAA	FRAB	FRAC	FRAD	FRAE	FRAF
1985						
Feb-May	6 442	-162	-677	3 426	2 757	1 098
May-Aug	3 382	621	-17	-641	1 061	2 358
Aug-Nov	5 089	601	-345	-458	2 938	2 353
Nov-Feb	5 013	36	582	941	2 194	1 260
1986						
Feb-May	9 456	516	-215	3 875	3 395	1 882
May-Aug	7 763	354	483	1 838	2 309	2 784
Aug-Nov	11 402	1 242	-567	2 741 (3)	-6 441 (3)	1 758
Nov-Feb	12 582	962	972	6 491	2 128	2 029
1987						
Feb-May	14 766	-1 026	1 667	7 228	3 400	3 518
May-Aug	9 731	575	-430	2 972	2 086	4 532
Aug-Nov	9 970	226	-553	2 707	3 098	4 491

1 For a more detailed breakdown of these figures see Financial Statistics Table 6.6. The analysis covers loans, advances and acceptances in both sterling and foreign currencies provided by banks to their customers and therefore does not include funds placed through the local authority money market or funds lent to monetary sector institutions. Acceptances are not granted to persons.
2 Due to the introduction of the revised analysis in November 1983, a breakdown is given only for this and later dates and any changes for the August-November 1983 period are not shown.
3 From November 1986 lending to securities dealers, stockbrockers and stockjobbers (including money placed with Stock Exchange money brokers and gilt-edged market makers) is included within the financial sector. Such lending was previously included in the services sector. Whilst the effect of this reclassification can be seen in the change shown for the services sector in the period August-November 1986, it is not possible to reflect it in the financial sector for the same period because the amount of outstanding lending to securities dealers etc. at August 1986 is not known.

UK bank lending to the public and private sectors



UK banks' loans, advances and acceptances to UK residents



* See footnote [3] page 64 lower table

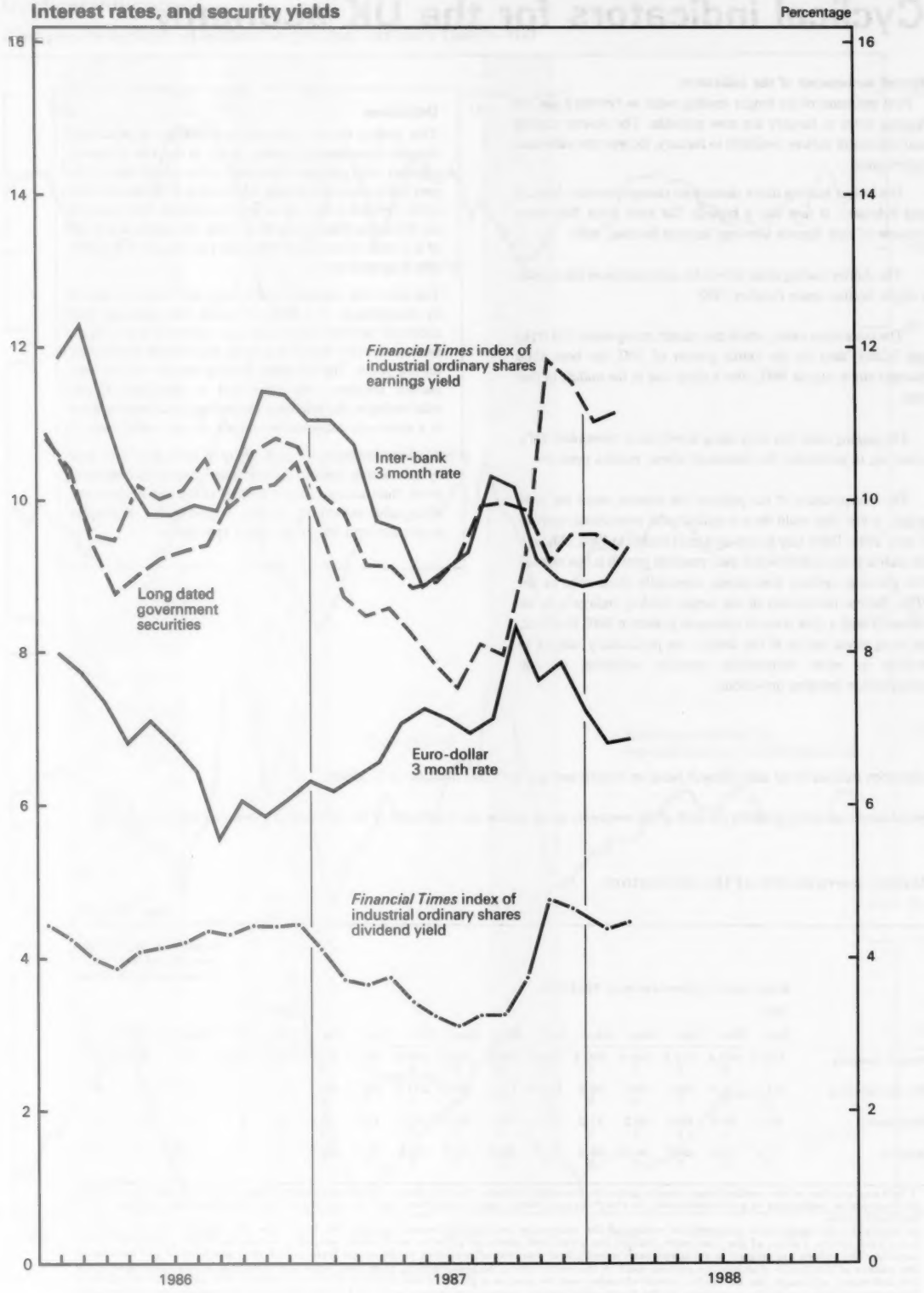
Interest rates, security prices and yields

Percentage rate

	Last Friday						Last working day		Average of working days			
			London clearing banks							Financial Times index of industrial ordinary shares		
										1 July 1935 = 100		
	Treasury bill yield(1)	Deposits with local authorities - 3 months (2)	Base rate	Deposit account: 7 days' notice(3)	Inter-bank - 3 month rate(4)	Sterling certificates of deposit - 3 months	Euro-dollar 3-month rate	Building Society shares: basic rate(5)	British government securities: long dated(6) - 20 years	Price index	Dividend yield	Earnings yield
1980	13.58	14.63-14.88	14	11.5 -12	14.75-14.88	14.75-14.88	17.75	10.5	13.79	464.5	7.62	18.14
1981	15.39	15.5 -15.69	14.5	12.25-12.5	15.56-15.75	15.63-15.75	13.75	9.75	14.74	518.5	6.23	12.12
1982	9.96	10.63	10 -10.25	6.75- 7	10.44-10.63	10.19-10.31	9.25	6.25	12.88	574.7	5.29	10.82
1983	9.04	9.31	9	5.5	9.34- 9.41	9.25- 9.31	9.88	7.25	10.80	692.6	4.70	9.58
1984	9.33	10.13	9.5 - 9.75	6 - 6.5	10 -10.13	9.75- 9.88	8.62	6.75	10.69	854.9	4.66	10.76
1985	11.48	11.94	11.5	7.69-8.03	11.81-11.94	11.69-11.81	7.97	7	10.62	1004.6	4.61	11.48
1986	10.94	11.31	11	6.69-7.00	11-11.13	11-11.13	6.38	6	9.87	1287.1	4.25	10.16
1987	8.38	8.88	8.50	3.32-3.75	8.75-9.00	8.81-8.88	7.25	..	9.47	1600.01	3.73	8.98
1984 O	10.13	10.5	10.5	7.25- 7.5	10.5 -10.56	10.25-10.38	10.00	7.75	10.69	865.2	4.89	11.66
N	9.26	9.75	9.5 - 9.75	6 - 6.5	9.75- 9.81	9.56- 9.69	9.19	7.24	10.32	913.2	4.67	11.23
D	9.33	10.13	9.5 - 9.75	6 - 6.5	10 -10.13	9.75- 9.88	8.62	6.75	10.46	929.6	4.62	11.73
1985 J	11.86	12.25	12	8.5 - 9	12.25-12.38	12.06-12.19	8.56	6.75	10.96	977.1	4.42	11.15
F	13.91	14.13	14	11 -11.5	14.06-14.19	13.81-13.84	9.5	7.50	11.07	979.3	4.41	11.01
M	12.75	13.13	13 -13.5	10 -10.5	13.06-13.25	13 -13.13	9.06	7.50	10.90	987.1	4.55	11.32
A	12.27	12.63	12.5 -12.75	9.38- 9.7	12.63-12.81	12.44-12.56	8.69	8.25	10.68	969.0	4.70	11.79
M	12.16	12.50	12.5 -12.75	9.38- 9.7	12.5 -12.56	12.31-12.44	7.75	8.25	10.88	1003.8	4.58	11.52
J	12.56	12.56	12.5	9.03- 9.5	12.56-12.69	12.44-12.56	7.75	8.25	10.70	980.4	4.72	11.83
J	11.63	11.88	12	8.38- 8.75	11.56-11.94	11.69-11.81	8.19	8.25	10.44	935.2	4.96	12.38
A	11.31	11.50	11.5	7.69- 8.03	11.5 -11.69	11.31-11.44	8.06	8.25	10.37	973.6	4.82	11.88
S	11.32	11.38	11.5	7.69- 8.03	11.5- 11.56	11.31-11.44	8.12	7.01	10.39	1002.8	4.73	11.61
O	11.45	11.50	11.5	7.69-8.03	11.56-11.69	11.38-11.50	8.00	7.00	10.22	1034.23	4.64	11.35
N	11.33	11.50	11.5	7.69-8.03	11.56-11.63	11.38-11.50	8.19	7.00	10.27	1099.30	4.40	10.87
D	11.48	11.94	11.5	7.69-8.03	11.81-11.94	11.69-11.81	7.97	7.00	10.45	1113.88	4.45	11.04
1986 J	12.47	12.75	12.50	8.70-9.03	11.81-11.94	12.69-12.81	8.00	7.00	10.80	1127.58	4.43	10.89
F	12.21	12.25	12.50	8.70-9.03	12.25-12.38	12.13-12.38	7.75	7.00	10.40	1220.80	4.27	10.32
M	11.04	11.25	11.50	7.50-8	11.13-11.31	11.19-11.31	7.34	7.00	9.39	1348.97	4.00	9.55
A	10.09	10.38	10.50	6.30-6.75	10.25-10.38	10.19-10.31	6.81	6.01	8.76	1391.12	3.87	9.49
M	9.56	9.75	10	6.30-6.75	9.69- 9.94	9.63- 9.75	7.09	6.00	9.00	1331.60	4.10	10.20
J	9.52	9.75	10	6.30-6.75	9.75- 9.88	9.66- 9.72	6.81	5.25	9.23	1332.13	4.14	10.03
J	9.76	9.88	10	5.86-6.25	9.88-10	9.75- 9.88	6.44	5.25	9.33	1309.62	4.21	10.14
A	9.56	9.81	10	5.82-6.25	9.81-9.94	9.63- 9.75	5.62	5.25	9.41	1262.13	4.37	10.56
S	9.93	9.56	10	5.82-6.25	10.5-10.69	10.44-10.56	6.06	5.25	9.97	1286.23	4.31	9.91
O	10.85	10.94	11	6.69-7.00	11.6-11.25	11-11.13	5.87	5.25	10.82	1262.33	4.42	10.16
N	10.96	11.38	11	6.69-7.00	11.38-11.44	11.19-11.25	6.06	5.99	10.80	1289.25	4.41	10.21
D	10.94	11.31	11	6.69-7.00	11-11.13	11-11.13	6.31	5.99	10.69	1283.58	4.45	10.50
1987 J	10.85	11	11	6.69-7.00	11-11.13	10.85-11.00	6.19	5.99	10.09	1392.63	4.12	9.68
F	10.46	10.75	11	6.69-7.00	10.69-10.81	10.69-10.75	6.37	5.99	9.83	1529.60	3.72	8.72
M	9.54	9.69	10	5.35-5.75	9.69-9.81	9.63- 9.66	6.56	5.99	9.16	1596.26	3.67	8.48
A	9.38	9.63	10	5.35-5.75	9.63-9.69	9.63- 9.69	7.06	5.99	9.12	1554.78	3.77	8.58
M	8.67	8.75	9	3.99-5.25	8.81-8.94	8.69- 8.81	7	5.08	8.82	1674.07	3.44	8.23
J	8.95	9.06	9	3.99-5.25	9.06-9.13	8.97- 9.03	7.12	5.00	8.90	1759.78	3.25	7.83
J	9.14	9.25	10	4.50-5.48	9.19-9.44	9.03- 9.06	6.94	4.99	9.23	1855.23	3.10	7.52
A	10.11	10.38	10	4.50-5.48	10.13-10.5	10.13-10.19	7.12	4.99	9.92	1757.59	3.28	8.11
S	10.01	10.06	10	4.50-5.48	10.13-10.25	10.00-10-13	8.31	4.99	9.98	1801.84	3.26	7.98
O	9.07	9.19	9.50	4.32-4.75	9.19-9.31	9.06-10.19	7.62	4.99	9.88	1645.30	3.75	9.22
N	8.67	8.88	9.00	3.99-4.25	8.88-9.03	8.78- 8.84	7.88	4.93	9.20	1296.04	4.78	11.83
D	8.38	8.88	8.50	3.32-3.75	8.75-9.00	8.69- 8.75	7.25	4.02	9.57	1337.02	4.67	11.58
1988 J	8.38	8.69	8.50	3.32-3.75	8.69-8.75	8.66-8.72	6.81	4.0	9.57	1419.37	4.39	11.02
F	9.01	9.25	9.00	3.67-4.25	9.19-9.63	9.13-9.25	6.88		9.38	1397.56	4.48	11.16

1 Average discount rate expressed as the rate at which interest is earned during the life of the bills.
2 For a minimum term of 3 months and thereafter at 7 days' notice.
3 Rate paid on deposits of less than £10 000, which was restricted to 9.5% from September 1973 to 28 February 1975.
4 Spread of rates over the day in the inter-bank sterling market; from June 1982 rates are the spread at 10.30 am.
5 The series comprises the Building Society Association's recommended rate on shares until October 1983 when it was replaced by an advised rate. From November 1984 onwards, all guidance by the BSA ceased and the series is a weighted average of basic rates offered by the largest societies. All rates are net of income tax where this is paid by societies at the agreed composite rate.
6 Averages of Wednesdays until February 1980; from March 1980 figures are the average of all observations (3 a week); from January 1982 average of working days. Calculated gross redemption yields - see Financial Statistics Explanatory Handbook.

Interest rates, and security yields



Cyclical indicators for the UK economy

Recent movements of the indicators

First estimates of the longer leading index to February and the lagging index to January are now available. The shorter leading and coincident indices, available to January, incorporate additional information.

The longer leading index showed no change between January and February. It now has a broadly flat path since November because of new figures showing buoyant housing starts.

The shorter leading index shows the same pattern as last month: a slight decline since October 1987.

The coincident index, which this month incorporated (GDP(E) and GDP(I) data for the fourth quarter of 1987, has been little changed since August 1987, after a sharp rise in the middle of that year.

The lagging index has been rising slowly since November 1986, reflecting in particular the improved labour market position.

The interpretation of the paths of the indices, since the 1981 trough, is that they could show a cyclical peak in economic activity in early 1985. There may have been a mild trough in 1986, although the decline in the indices before their renewed growth is less marked than previous cyclical movements, especially those seen in the 1970s. Recent movements of the longer leading indices may be consistent with a slow down in economic growth in 1988. However, the most recent values of the indices are particularly subject to revision as more information becomes available, so any interpretation remains provisional.

Definitions

This section shows a reference chronology of peaks and troughs representing growth cycles in the UK economy, together with groups of indicator series which have in the past had a consistent timing relationship with the reference cycle. Growth cycles are defined as cyclical movements in the deviations from a long-trend; thus, the contraction phase of a growth cycle occurs when the rate of growth is below this long-term value.

The historical reference chronology has been determined by examination of a range of series covering aggregate economic activity. Known special economic and climatic factors were discounted in judging the location of reference turning points. The indicators forming each group have been chosen because they have had a consistent timing relationship to the reference chronology, and because there is a economic rationale to account for this relationship.

A composite index for each group of indicators is formed by subtracting from each series the value of its long-term trend, then taking a simple average of the trend-eliminated series after smoothing, scaling to give cycles of simpler amplitude, and inversion where appropriate.

Information included in the table below is based on monthly and quarterly data available to 22 March.

Precise details on data availability for each of the component series used in the compilation of the indicators is shown in a table on page 70.

Recent movements of the indicators

Jan 1980=100

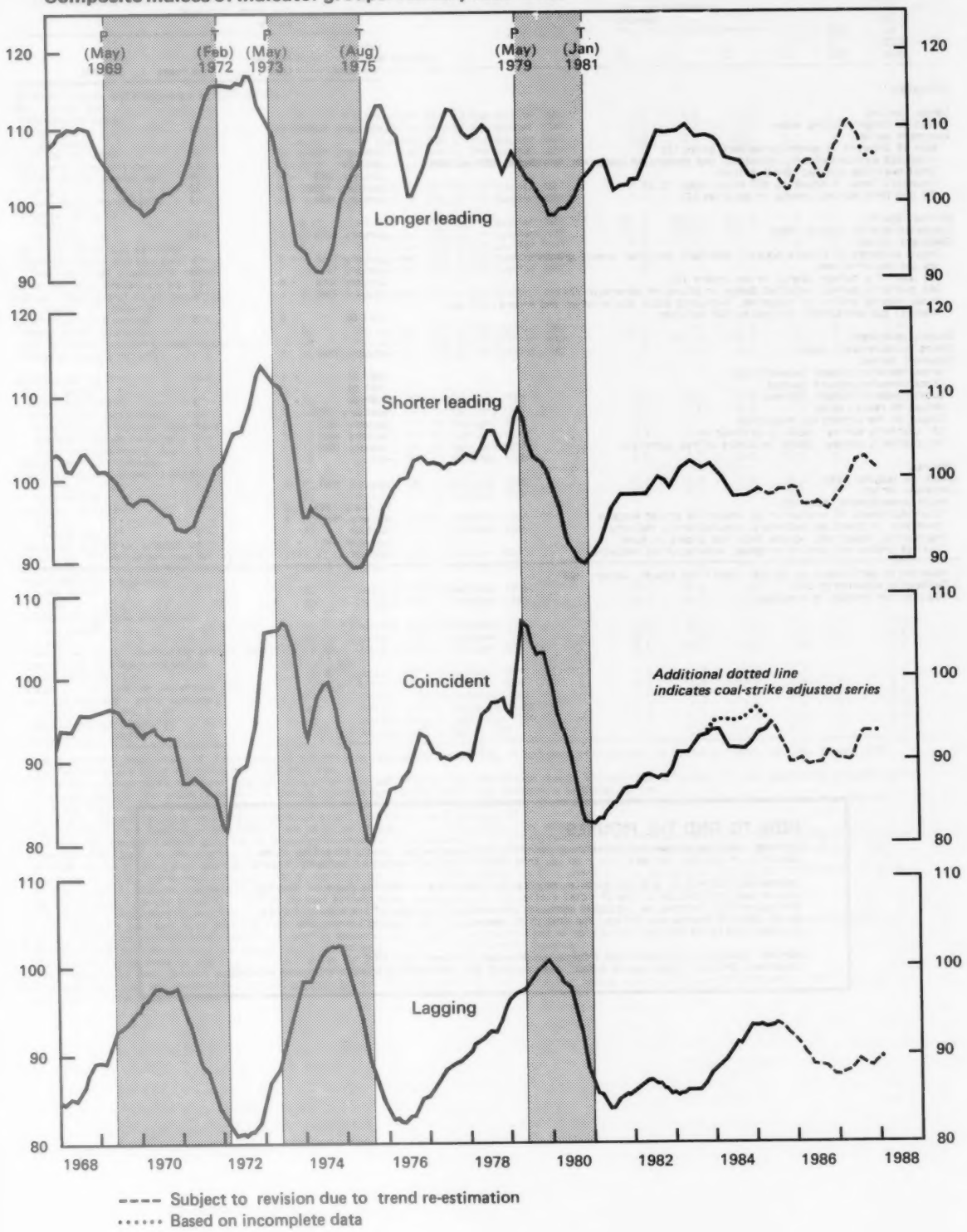
	Most recent values January 1980=100													Lead (-) or lag (+) in months relative to reference cycle dates		
	1987											1988				
	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mean	Earliest	Latest
Longer leading ..	105.2 5	106.4 5	107.1 5	108.3 5	109.4 5	109.9 5	109.1 5	108.5 5	107.5 4	105.7 4	105.2 4	105.5 4	105.5 2	-12	-21	-5
Shorter leading ..	97.1 5	97.7 5	98.3 5	99.1 5	99.8 5	100.9 5	101.3 5	101.5 5	101.7 4	101.1 4	100.6 4	100.5 4		-5	-12	0
Coincident	90.0 7	90.0 7	89.9 7	90.2 7	91.2 7	92.4 7	93.3 7	93.4 7	93.3 7	93.3 7	93.4 7	93.4 4		0	-7	+5
Lagging	87.9 5	88.0 5	88.3 5	88.8 5	89.2 5	89.0 5	89.0 5	88.6 5	88.8 5	89.2 5	89.3 5	89.7 2		+10	+1	+17

1 A full explanation of the methodology used is given in *Economic Trends*, No. 257, March 1975 and No. 271, May 1976. Each month a chart of the composite indicators is published with, in the February May, August and November issues, a further ten pages showing individual indicator series.

2 In the table, the upper row presents the values of the composite indices for recent months, the lower row the number of series used to form each index. Values of the composite indices are published solely in order to show more precisely the shape of the graphs in recent months. The values are subject to revisions each month, both because of revisions to the series from which they are formed and because of the nature of the trend- elimination process used in the calculation; no significance, therefore, should be attached to the current levels of the indicators, although the month-to- month changes may be used as a guide to the location of turning points. On the charts the parts of the curves which are liable to revision in the trend- elimination process are shown in pecked lines; where the composite indices are based on an incomplete set of indicators, the curves are shown as dotted lines. Additional tables giving the values of all series used are available from the CSO. 01-270 5966.

Cyclical indicators

Composite indices of indicator groups. January 1980 = 100



The indicators: Their timing characteristics and data availability

Indicators	Latest data included	Timing relative to reference cycle dates (1) (-) leads, (+) lags months: Average (mean)	Earliest	Latest
Longer leading				
Composite longer leading index	February 1988	-12	-21	- 5
Component series:				
Rate of interest, 3 months prime bank bills (2)	February 1988	-17	-28	-11
Financial surplus/deficit, industrial and commercial companies, divided by GDP deflator	1987 Q3	-15	-21	- 9
Total dwellings started, Great Britain	January 1988	-10	-25	+ 6
Financial Times - Actuaries 500 share index (2,3)	February 1988	- 9	-20	- 4
CBI quarterly survey: change in optimism (2)	January 1988	-10	-19	- 4
Shorter leading				
Composite shorter leading index	January 1988	- 5	-12	0
Component series:				
Credit extended by finance houses, retailers and other credit grantors	January 1988	- 6	-15	+ 3
New car registrations	January 1988	- 7	-26	0
CBI quarterly survey: change in new orders (2)	January 1988	- 8	-28	+ 2
CBI quarterly survey: expected change in stocks of materials (2)	January 1988	- 5	-15	- 2
Gross trading profits of companies, excluding stock appreciation and mineral oil and natural gas extraction, divided by GDP deflator	1987 Q3	- 6	-18	0
Roughly coincident				
Composite coincident index	January 1988	0	- 7	+ 5
Component series:				
Gross domestic product (expenditure)	1987 Q4	+ 1	- 9	+10
Gross domestic product (output)	1987 Q4	- 2	- 7	+ 1
Gross domestic product (income)	1987 Q4	+ 1	- 3	+ 5
Volume of retail sales	February 1988	- 3	-15	+ 6
Output of the production industries	January 1988	- 1	- 4	+ 2
CBI quarterly survey: capacity utilisation	January 1988	+ 2	- 3	+ 7
CBI quarterly survey: change in stocks of raw materials	January 1988	- 1	- 6	+ 8
Lagging				
Composite lagging index	January 1988	+10	+ 1	+17
Component series:				
Adult unemployment index (3)	February 1988	+ 6	- 1	+14
Total employment in manufacturing industries United Kingdom	January 1988	+ 8	- 1	+15
Investment in plant and machinery, manufacturing industry	1987 Q4	+11	+ 6	+18
Engineering industries, volume index for orders on hand	December 1987	+ 7	- 4	+15
Level of stocks and work in progress, manufacturing industry	1987 Q4	+11	0	+20

1 Assessed on performance up to last identified trough, January 1981.
2 Seasonally adjusted by CSO.
3 Adjusted for changes in coverage.

HOW TO FIND THE FIGURES

Earnings, betting and gaming, travel, population projections and estimates, retailing trade, education in schools, universities - do you know where to get the essential facts and figures?

Government Statistics - a brief guide to sources is a free booklet listing the most important, regular publications containing official statistics. It also gives departmental contact points for statistical information including addresses and telephone numbers of the enquiry points at the Central Statistical Office, the Statistics and Market Intelligence Library and the Business Statistics Office.

For the 1987 Edition write to the Information Services Division, Room 58/G, Government Offices, Great George Street, London, SW1P 3AQ, enclosing a stamped addressed envelope.

Measures of variability of selected economic series (1)

	Page	Period covered	Average percentage changes $\overline{CI}$	$\overline{I}$	$\overline{C}$	$\overline{I}/\overline{C}$	MCD or QCD	$\overline{I}/\overline{C}$ for MCD (or QCD) span
Quarterly series								
National income and components at 1980 prices								
GDP, factor cost								
Expenditure based	6	1st quarter 1970 to 2nd quarter 1987	1.4	0.9	0.9	1.1	2	0.4
Income based	6	1st quarter 1970 to 2nd quarter 1987	1.2	0.8	0.9	0.9	1	0.9
Output based	6,28	1st quarter 1970 to 2nd quarter 1987	1.0	0.5	0.8	0.7	1	0.7
Average estimate	6	1st quarter 1970 to 2nd quarter 1987	1.0	0.6	0.8	0.8	1	0.8
Consumers' expenditure	8,10	1st quarter 1970 to 2nd quarter 1987	1.2	0.7	0.9	0.8	1	0.8
Fixed capital formation								
Total	8,16	1st quarter 1970 to 2nd quarter 1987	2.2	1.6	1.4	1.2	2	0.5
Manufacturing industry	18	1st quarter 1970 to 2nd quarter 1987	3.4	1.7	2.5	0.7	1	0.7
Stockbuilding(2)								
Total	8,22	1st quarter 1970 to 2nd quarter 1987	421.7	293.8	236.9	1.2	2	0.5
Manufacturing	22	1st quarter 1970 to 2nd quarter 1987	273.8	163.6	163.2	1.0	2	0.5
Exports: goods and services	8	1st quarter 1970 to 2nd quarter 1987	2.9	2.2	1.7	1.3	2	0.5
Imports: goods and services	8	1st quarter 1970 to 2nd quarter 1987	3.3	2.4	2.1	1.1	2	0.4
Real personal disposable income	10	1st quarter 1970 to 2nd quarter 1987	1.6	1.1	1.1	1.1	2	0.3
Other national income series								
Gross trading profits of industrial and commercial companies	60	1st quarter 1970 to 2nd quarter 1987	6.1	2.9	4.6	0.8	1	0.6
Other quarterly series								
Construction output(3)	30	1st quarter 1970 to 2nd quarter 1987	2.1	1.4	1.3	1.1	2	0.4
Public sector borrowing requirement(4)	56	1st quarter 1970 to 2nd quarter 1987	795.6	571.0	379.7	1.5	2	0.8
Personal saving ratio(5)	10	1st quarter 1970 to 2nd quarter 1987	1.4	1.3	0.6	2.0	2	0.6
Monthly series								
Retail sales								
Food retailers	12	January 1971 to February 1987	0.9	0.8	0.3	3.0	4	0.8
Mixed retail businesses	12	January 1971 to February 1987	2.0	1.9	0.5	3.7	4	1.0
Clothing and footwear retailers	12	January 1971 to February 1987	2.5	2.4	0.6	4.1	4	1.0
Household goods retailers	12	January 1971 to February 1987	2.6	2.4	0.8	3.1	4	0.9
Other non-food retailers	12	January 1971 to February 1987	1.4	1.3	0.4	3.4	4	0.9
Cars: new registrations	12	January 1975 to December 1986	8.6	8.5	0.8	10.3	6	
Housing: public authorities(6)								
Starts	20	January 1957 to December 1986	12.7	12.4	2.0	6.2	6	1.1
Completions	20	January 1957 to December 1986	8.6	8.5	1.4	6.1	6	1.1
Housing: private								
Starts	20	January 1957 to December 1986	9.5	9.3	1.8	5.2	6	1.0
Completions	20	January 1957 to December 1986	6.3	6.2	1.0	6.4	6	1.1
Index of industrial production:								
Production industries(Revised definition)	5,26,28	January 1973 to October 1986	1.2	1.0	0.5	2.3	3	1.0
Manufacturing industries(Revised definition)	26,28	January 1973 to October 1986	1.3	1.2	0.4	2.7	4	0.8
Passenger car production:								
Home market	32	January 1976 to December 1986	12.2	12.0	1.8	6.8	6	1.4
Export	32	January 1976 to December 1986	15.2	14.6	2.6	5.7	6	1.1
Commercial vehicle production:								
Home market	32	January 1976 to December 1986	10.9	9.7	3.1	3.1	4	0.9
Export	32	January 1976 to December 1986	10.1	9.3	2.7	3.4	5	0.8
Unemployed males - excluding school-leavers(7)	(5,36)	January 1971 to October 1986	15.5	4.5	14.4	0.3	1	0.3
Unemployed females - excluding school-leavers(7)	(5,36)	January 1971 to October 1986	6.0	1.7	5.6	0.3	1	0.3
Vacancies unfilled at jobcentres (7)	(5,36)	April 1978 to September 1986	4.2	1.8	3.5	0.5	1	0.5
Average earnings: whole economy	40	January 1976 to December 1982	1.0	0.3	1.0	0.3	1	0.3
Exports: value, f.o.b.(8)	48	January 1970 to September 1985	4.6	4.3	1.5	2.9	3	0.9
Imports: value, f.o.b.(8)	48	January 1970 to September 1985	4.8	4.4	1.8	2.5	3	0.8
Money stock - £M3(9)	5,52	January 1980 to March 1985	1.2	0.8	1.1	0.7	1	0.7

1 For a complete description of these measures see article 'Measuring variability in economic time series' in Economic Trends, No 226, August 1972.
The following are brief definitions of the measures.
$\overline{CI}$ is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign, in the seasonally adjusted series.
$\overline{C}$ is the same for the trend component, a smooth flexible moving average of the seasonally adjusted series.
$\overline{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additive model, see footnotes (2,4,6 and 8).
$\overline{I}/\overline{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.
The average changes $\overline{I}$ and $\overline{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters)for cyclical dominance, is the shortest span of months (quarters) for which $\overline{I}/\overline{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend are on average, greater than the irregular movement.
2 The figures in the table were obtained from an additive analysis of stock changes so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of £ million. At present, seasonal adjustment of the published stocks series is performed multiplicatively on the level of stocks.
3 Series relates to Great Britain.
4 The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are differences in units of £ million.
5 The figures in the table were obtained from an additive analysis of the personal saving ratio so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are differences in percentage points.
6 Series relate to Great Britain, though variability measures calculated from England and Wales component.
7 Series relate to Great Britain and may be found in Tables 2.2 and 3.2 of Employment Gazette.
The seasonal adjustment is additive, so the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are not percentage changes but differences in units of thousands.
8 The figures have been updated as described in an article in Economic Trends, No 320, June 1980.
9 Although £M3 flows are seasonally adjusted additively, the figures above for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ for levels are presented as percentages of the level of the trend in the preceding month.

United Kingdom Balance of Payments: preliminary figures for the fourth quarter and year 1987

Preliminary figures indicate that the UK current account was in deficit by £1.3 billion (seasonally adjusted)in the fourth quarter of 1987, following a deficit of £0.9 billion in the third quarter. For 1987 as a whole there was a deficit of £1.7 billion compared with revised estimates showing approximate balance in 1986 and a surplus of £3.3 billion in 1985 (Table 1).

Visible trade was in deficit in the fourth quarter by £3.0 billion, £0.1 billion less than in the preceding quarter. For 1987 as a whole there was a deficit of £9.6 billion compared with deficits of £8.5 billion in 1986 and £2.2 billion in 1985 (Table 1).

The preliminary figures for invisible transactions in the fourth quarter show a surplus of £1.7 billion following a surplus of £2.2 billion in the third. The estimated invisible surplus for the whole of 1987 is £7.9 billion, compared with the revised surpluses of £8.5 billion and £5.5 billion in 1986 and 1985 respectively. It must be stressed that figures for invisible transactions, particularly for the most recent quarters, are liable to substantial revisions as later information becomes available (Table 1).

Between the third and fourth quarters there was an increase of £0.1 billion in the surplus on visible trade in oil. For 1987 overall the surplus on oil was £4.2 billion, slightly higher than in 1986, but well below the surplus of £8.1 billion in 1985 (Table 2).

The preliminary estimates for the fourth quarter put the net credit on services at £1.4 billion, down from £1.6 billion in the preceding quarter (Table 5). Net investment earnings (i.e of interest, profits and dividends) estimated at £1.2 billion, were significantly lower than the third quarter estimate of £1.6 billion (Table 6). Net transfer payments overseas, put at £0.9 billion, were similar to the third quarter figure (Table 7).

The estimated surplus on trade in services in 1987, £5.7 billion, compares with £5.6 billion in 1986 and £5.9 billion in 1985. Net earnings on financial and other services increased by £0.7 billion between 1986 and 1987 following an increase of £1.4 billion between 1985 and 1986. The deficit on the Travel account showed a large increase between 1986 and 1987, and there were also increases in the deficits on the Sea Transport, Civil Aviation and Government accounts. The decline in net earnings on financial and other services in the fourth quarter was mainly attributable to a fall in earnings on insurance underwriting i.e premiums less claims and overseas expenses (Table 5).

The preliminary estimate of the balance on interest, profits and dividends in 1987 is £5.7 billion compared with £5.1 billion in 1986 and £2.8 billion in 1985. Earnings on UK direct investment overseas rose by £3.1 billion between 1986 and 1987 compared with an increase of only £0.5 billion in earnings due on overseas investment in the UK. The earnings of overseas oil companies in the UK showed only a slight improvement after the large fall between 1985 and 1986 although there was an increase between the third and fourth quarter of 1987. Non-oil companies earnings in 1987 were held down by lower earnings of foreign owned banks. Payments on overseas portfolio investment in the UK rose by £1.0 billion between 1986 and 1987, and there was a small net payment overseas associated with banks' borrowing, lending and portfolio transactions in 1987 compared with a net receipt of £1.0 billion in 1986 (Table 6).

The deficit on transfers in 1987 was £3.4 billion, compared with £2.2 billion in 1986 and £3.3 billion in 1985. The deficit with EC institutions increased by £1.1 billion between 1986 and 1987; the 1986 deficit was exceptionally low, reflecting mainly the delayed receipt of most of the UK's VAT abatement in respect of 1984 as well as all the abatement in respect of 1985(Table 7).

Although figures for transactions in external assets and liabilities are not yet complete for the fourth quarter (most of the transactions between the UK non-bank private sector and banks overseas are not yet known) a small net inflow is identified for 1987 as a whole (£0.7 billion) following the large net outflows in 1986 (£12.6 billion) and 1985 (£7.7 billion) (Table 8).

UK direct investment overseas in 1987, at £17.8 billion, was substantially above the figures in 1985 and 1986, although in the fourth quarter it fell back from the exceptionally high third quarter figure. Transactions in the fourth quarter included Ladbroke Group's acquisition of Hilton International Hotels (£0.7 billion) and Hawley Group's acquisition of ADT (£0.4 billion). Overseas direct investment in the UK was £6.1 billion in 1987, up from £4.2 billion in each of the preceding two years. The fourth quarter included substantial investment (approaching £1 billion) in UK banks (Table 9).

The major contrast between 1987 and earlier years was, however, in portfolio investment overseas by UK residents. in 1987 there was net disinvestment of £8.0 billion, compared with investment of £23.6 billion in 1986 and £18.1 billion in 1985. Non-bank financial institutions showed substantial net disinvestment during 1987, mainly in the turbulent stock market conditions of the fourth quarter, while for UK banks there was a small net disinvestment, reflecting weakness in the floating rate note market(Table 10).

Portfolio investment in the UK by overseas residents is estimated at £12.6 billion in 1987, following investment of £8.4 billion in 1986 and £7.1 billion in 1985. Net purchases of British Government Stocks by overseas residents rose to £5.4 billion in 1987 from £2.1 billion in 1986 and overseas investment in UK companies' ordinary shares was £6.3 billion compared to £3.0 billion. Overseas residents' initial take-ups totalling over £1.5 billion in the BP and Eurotunnel share issues were partly offset by other substantial net disinvestment in UK companies shares during the fourth quarter (Table 10).

Net foreign currency borrowing and lending overseas by UK banks showed net lending of £0.8 billion in 1987, compared with net borrowing of £10.5 billion and £4.9 billion in 1986 and 1985 respectively. The net lending in 1987 was concentrated in the second half of the year with both the third and fourth quarter figures showing outflows of around £4 billion (Table 11).

There were accruals to the official reserves of £12.0 billion in 1987 following accurals of £2.9 billion in 1986 and £1.8 billion in 1985. The accrual in the fourth quarter of 1987 alone was £5.8 billion, the largest quarterly increase recorded. The increase in non-portfolio liabilities of general government in 1987 was largely in respect of overseas monetary authorities' holdings of Treasury bills and non-interest bearing notes (Table 13).

Revisions

Significant revisions have been made to estimates for earlier periods published in December. They principally concern:

(a) The estimates of UK insurance companies' overseas earnings on underwriting (measured as premiums less claims and overseas expenses) which have been revised to reflect the results of the 1986 annual inquiry and the discovery by the Association of British Insurers of incorrect allocations in figures previously supplied.

(b) Revised estimates of interest and capital flows associated with the transactions of UK non-bank residents with banks overseas, arising from the use of more comprehensive data on interenational banking transactions compiled by the International Monetary Fund and an improved method of estimating interest receipts and payments.

The estimates also now incorporate the results of the 1986 annual inquiry into direct investment and associated earnings and some new estimates of UK companies' liabilities in the form of euro-notes and euro-commercial paper.

The largely off-setting changes to figures for exports and imports of goods from 1980, reflect the revised coverage of certain trade in gold in the overseas trade statistics.

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BALANCE OF PAYMENTS SUMMARY

TABLE 1

£ million

		Seasonally adjusted						Not seasonally adjusted						
			Invisibles (balance)							UK external assets and liabilities			Allocation of SDRs and gold sub-scription to IMF	
		Visible trade (balance)	Services	I.P.D.	Transfers	Total	Current balance	Current balance	Capital transfers	Trans-actions in assets 1	Trans-actions in liabili-ties 1	Net trans-actions		Balancing item
		AIMA	AIMC	AIMD	AIME	AIMB	AIMF	AIMG	AAAZ	HEPZ	HEQW	HEQU	AIMI	AASA
1976		-3 929	2 245	1 576†	-786	3 035†	-894†	-894†	-	-3 731	4 317	586	-	308†
1977		-2 284	3 038	262	-1 128	2 172	-112	-112	-	-13 190	9 952	-3 238	-	3 350
1978		-1 542	3 478	820	-1 791	2 507	965	965	-	-4 631	1 506	-3 125	-	2 160
1979		-3 449	3 815	1 249	-2 219	2 845	-604	-604	-	-39 526	39 446	-80	195	489
1980		1 353†	3 777†	-100	-1 995	1 682	3 035	3 035	-	-42 094	39 213	-2 881	180	-334
1981		3 350	3 876	1 167	-1 650†	3 393	6 743	6 743	-	-49 492	43 071	-6 421	158	-480
1982		2 324	2 667	1 308	-1 819	2 156	4 480	4 480	-	-31 478	28 573†	-2 905†	-	-1 575
1983		-863	3 720	2 652	-1 756	4 616	3 753	3 753	-	-31 153†	26 118	-5 035	-	1 282
1984		-4 396	3 814	4 434	-1 843	6 405	2 009	2 009	-	-31 400	24 300	-7 100	-	5 091
1985		-2 190	5 877	2 841	-3 253	5 465	3 275	3 275	-	-51 971	44 223	-7 748	-	4 473
1986		-8 463	5 609	5 057	-2 157	8 509	46	46	-	-93 553	80 968	-12 585	-	12 539
1987		-9 625	5 708	5 676	-3 438	7 946	-1 679	-1 679	-	-75 326	76 059	733	-	946
1979	1	-1 433	920	459†	-539	840†	-593†	-919†	-	-4 027	3 610	-417	195	1 141†
	2	-479	857	164	-520	501	22	-179	-	-9 970	9 976	6	-	173
	3	-723	1 002	465	-562	905	182	532	-	-15 333	15 089	-244	-	-348
	4	-814	1 036	161	-598	599	-215	-88	-	-10 196	10 771	575	-	-477
1980	1	-440†	919†	-36	-482	401	-39	-356	-	-13 977	12 790	-1 187	180	1 363
	2	-182	890	-152	-581	157	-25	-306	-	-7 713	7 818	105	-	201
	3	866	948	-4	-573	371	1 237	1 394	-	-4 561	4 466	-95	-	-1 299
	4	1 109	1 020	92	-359	753	1 882	2 303	-	-15 843	14 139	-1 704	-	-599
1981	1	1 703	1 026	252	-82†	1 196	2 899	2 639	-	-14 752	10 608	-4 144	158	1 347
	2	1 303	974	368	-614	728	2 031	1 680	-	-8 168	6 423	-1 745	-	65
	3	35	933	268	-693	508	543	634	-	-13 510	13 037	-473	-	-161
	4	309	943	279	-261	961	1 270	1 790	-	-13 062	13 003	-59	-	-1 731
1982	1	358	869	11	102	982	1 340	1 089	-	-11 987	11 772†	-215†	-	-874
	2	242	694	395	-764	325	567	76	-	-35	834	799	-	-875
	3	653	487	362	-666	183	836	925	-	-18 230	16 411	-1 819	-	894
	4	1 071	617	540	-491	666	1 737	2 390	-	-1 228	-444	-1 670	-	-720
1983	1	62	977	759	-23	1 713	1 775	1 424	-	-10 743†	8 543	-2 200	-	776
	2	-457	950	323	-729	544	87	-389	-	-76	851	775	-	-386
	3	-159	835	963	-425	1 373	1 214	1 387	-	-11 261	11 756	495	-	-1 882
	4	-309	958	607	-579	986	677	1 331	-	-9 073	4 968	-4 105	-	2 774
1984	1	-70	992	785	-382	1 395	1 325	803	-	-13 943	13 048	-895	-	92
	2	-1 262	853	911	-685	1 079	-183	-662	-	-8 854	6 951	-1 903	-	2 565
	3	-1 576	933	1 194	-644	1 483	-93	192	-	-436	-563	-999	-	807
	4	-1 488	1 036	1 544	-132	2 448	960	1 676	-	-8 167	4 864	-3 303	-	1 627
1985	1	-1 336	1 281	844	-932	1 193	-143	-688	-	-16 956	13 316	-3 640	-	4 328
	2	-104	1 575	734	-699	1 610	1 506	1 005	-	-6 503	5 605	-898	-	-107
	3	-558	1 607	1 072	-881	1 798	1 240	1 424	-	-15 796	9 945	-5 851	-	4 427
	4	-192	1 414	191	-741	864	672	1 534	-	-12 716	15 357	2 641	-	-4 175
1986	1	-1 385	1 480	908	-34	2 354	969	571	-	-15 553	12 830	-2 723	-	2 152
	2	-1 604	1 325	1 209	-549	1 985	381	-116	-	-15 631	11 371	-4 260	-	4 376
	3	-2 914	1 334	1 572	-739	2 167	-747	-760	-	-42 207	42 052	-155	-	915
	4	-2 560	1 470	1 368	-835	2 003	-557	351	-	-20 162	14 715	-5 447	-	5 096
1987	1	-1 210	1 389	1 480	-859	2 010	800	461	-	-14 418	17 003	2 585	-	-3 046
	2	-2 317	1 390	1 376	-749	2 017	-300	-672	-	-24 281	24 867	586	-	86
	3	-3 109	1 564	1 584	-935	2 213	-896	-1 017	-	-25 802	21 352	-4 450	-	5 467
	4	-2 989	1 365	1 236	-895	1 706	-1 283	-451	-	-10 825	12 837	2 012	-	-1 561

1. Prior to 1979 foreign currency lending and borrowing abroad by UK banks (other than certain export credit extended) is recorded on a net basis under liabilities.

VISIBLE TRADE IN THE BALANCE OF PAYMENTS

TABLE 2

£ million

		Not seasonally adjusted		Seasonally adjusted								
		Total goods		Total goods			Of which: Oil			Non-oil		
		Exports (f.o.b.)	Imports (f.o.b.)	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance	Exports (f.o.b.)	Imports (f.o.b.)	Visible balance
		CGJP	CGGL	CGKG	CGHK	AIMA	CGQE	CGQG	CGQI	CGQF	CGQH	CGQJ
1976		25 191	29 120	25 191	29 120	-3 929	1 172	5 119	-3 947	24 019	24 001	18
1977		31 728	34 012	31 728	34 012	-2 284	1 979	4 750	-2 771	29 749	29 262	487
1978		35 063	36 605	35 063	36 605	-1 542	2 235	4 219	-1 984	32 828	32 386	442
1979		40 687	44 136	40 687	44 136	-3 449	4 158	4 889	-731	36 529	39 247	-2 718
1980		47 147†	45 794†	47 147†	45 794†	1 353†	6 118†	5 810†	308†	41 029†	39 984†	1 045†
1981		50 668	47 318	50 668	47 318	3 350	9 092	5 987	3 105	41 576	41 331	245
1982		55 330	53 006	55 330	53 006	2 324	10 671	6 032	4 639	44 659	46 974	-2 315
1983		60 698	61 561	60 698	61 561	-863	12 486	5 514	6 972	48 212	56 047	-7 835
1984		70 263	74 659	70 263	74 659	-4 396	14 833	7 901	6 932	55 430	66 758	-11 328
1985		77 988	80 178	77 988	80 178	-2 190	16 114	8 013	8 101	61 874	72 165	-10 291
1986		72 678	81 141	72 678	81 141	-8 463	8 202	4 146	4 056	64 476	76 995	-12 519
1987		79 622	89 247	79 622	89 247	-9 625	8 445	4 261	4 184	71 177	84 986	-13 809
1979	1	8 444	10 095	8 313	9 746	-1 433	757	964	-207	7 556	8 782	-1 226
	2	10 813	11 370	10 759	11 238	-479	946	1 167	-221	9 813	10 071	-258
	3	10 091	10 680	10 497	11 220	-723	1 162	1 326	-164	9 335	9 894	-559
	4	11 339	11 991	11 118	11 932	-814	1 293	1 432	-139	9 825	10 500	-675
1980	1	11 919†	12 584†	11 896†	12 336†	-440†	1 433†	1 560†	-127†	10 463†	10 776†	-313†
	2	11 859	12 174	11 869	12 051	-182	1 543	1 543	-	10 326	10 508	-182
	3	11 366	10 503	11 690	10 824	866	1 538	1 336	202	10 152	9 488	664
	4	12 003	10 533	11 692	10 583	1 109	1 604	1 371	233	10 088	9 212	876
1981	1	11 699	10 217	11 783	10 080	1 703	2 068	1 325	743	9 715	8 755	960
	2	12 263	11 148	12 215	10 912	1 303	2 208	1 314	894	10 007	9 598	409
	3	12 678	12 660	13 170	13 135	35	2 429	1 652	777	10 741	11 483	-742
	4	14 028	13 293	13 500	13 191	309	2 387	1 696	691	11 113	11 495	-382
1982	1	13 211	13 148	13 335	12 977	358	2 362	1 690	672	10 973	11 287	-314
	2	13 752	13 740	13 770	13 528	242	2 420	1 492	928	11 350	12 036	-686
	3	13 448	12 809	13 856	13 203	653	2 849	1 504	1 345	11 007	11 699	-692
	4	14 919	13 309	14 389	13 298	1 071	3 040	1 346	1 694	11 329	11 952	-623
1983	1	14 651	14 907	14 680	14 618	62	3 082	1 345	1 737	11 598	13 273	-1 675
	2	14 749	15 502	14 718	15 175	-457	2 924	1 385	1 539	11 794	13 790	-1 996
	3	14 769	14 918	15 264	15 423	-159	2 956	1 419	1 537	12 308	14 004	-1 696
	4	16 529	16 234	16 036	16 345	-309	3 524	1 365	2 159	12 512	14 980	-2 468
1984	1	16 833	17 350	16 697	16 767	-70	3 619	1 374	2 245	13 078	15 393	-2 315
	2	16 816	18 406	16 839	18 101	-1 262	3 401	1 907	1 494	13 438	16 194	-2 756
	3	16 682	18 173	17 611	19 187	-1 576	3 723	2 056	1 667	13 888	17 131	-3 243
	4	19 932	20 730	19 116	20 604	-1 488	4 090	2 564	1 526	15 026	18 040	-3 014
1985	1	19 955	21 753	20 089	21 425	-1 336	4 721	2 911	1 810	15 368	18 514	-3 146
	2	20 192	20 618	20 188	20 292	-104	4 305	1 871	2 434	15 883	18 421	-2 538
	3	17 897	18 411	18 651	19 209	-558	3 387	1 596	1 791	15 264	17 613	-2 349
	4	19 944	19 396	19 060	19 252	-192	3 701	1 635	2 066	15 359	17 617	-2 258
1986	1	17 539	19 308	18 201	19 586	-1 385	3 028	1 174	1 854	15 173	18 412	-3 239
	2	18 311	20 348	17 810	19 414	-1 604	1 761	1 007	754	16 049	18 407	-2 358
	3	16 667	19 586	17 506	20 420	-2 914	1 522	896	626	15 984	19 524	-3 540
	4	20 161	21 899	19 161	21 721	-2 560	1 891	1 069	822	17 270	20 652	-3 382
1987	1	19 433	21 069	19 530	20 740	-1 210	2 221	1 062	1 159	17 309	19 678	-2 369
	2	19 325	22 016	19 357	21 674	-2 317	2 046	1 030	1 016	17 311	20 644	-3 333
	3	19 291	22 387	20 235	23 344	-3 109	2 055	1 119	936	18 180	22 225	-4 045
	4	21 573	23 775	20 500	23 489	-2 989	2 123	1 050	1 073	18 377	22 439	-4 062

VOLUME, IMPLIED PRICE AND UNIT VALUE INDICES

TABLE 3

1980=100

		Seasonally adjusted				Not seasonally adjusted						
		Volume indices				Implied price indices (1)			Unit value indices (2)		Terms of trade (3)	
		All goods	Non-oil goods	Services	Goods and services	Goods	Services	Goods and services	All goods	Non-oil goods	All goods	Non-oil goods
Exports		CGTR	CGSV	CGSI	HHCX	HHCZ	CGTA	HDUV	CGTO	CGSX	CGTQ	CGSZ
1976		85.4	91.2	98.4	88.7	62.2	65.1	63.0	60.8	63.5	85.7	87.4
1977		92.1	97.0	101.9	94.5	72.7	72.9	72.7	72.0	75.2	87.7	89.0
1978		94.5	98.2	101.8	96.3	78.2	78.1	78.2	79.1	83.1	92.7	92.8
1979		99.1	98.7	103.3	100.1	86.6	88.8	87.1	87.6	90.7	96.4	96.3
1980		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1981		99.1†	96.1†	101.5†	99.7†	108.5†	108.5†	108.5†	108.9†	106.6†	100.5	101.1
1982		101.8	97.2	96.6	100.5	116.0	118.4	116.0	116.4	114.1	99.5†	100.9
1983		104.2	97.7	99.0	102.9	125.0	129.7	125.0	125.9	123.7	98.6	99.4
1984		112.9	105.4	101.5	110.1	133.8	139.9	133.8	135.2	133.7	97.5	98.0
1985		119.1	111.0	108.8	116.5	140.7	146.5	140.7	143.8	142.1	98.8	100.0
1986		123.3	115.4	111.0	120.3	130.7	150.0	130.7	136.8	145.4	101.9	102.6
1987		130.4	123.6	116.9	127.1	135.2	154.5	135.2	142.0	151.2	102.8	103.8†
1984	1	110.1†	102.1†	99.1†	107.4†	128.5	137.8†	130.5†	131.6†	129.2†	98.4†	98.7
	2	109.5	103.3	99.9	107.1	130.4	138.0	132.1	134.4	131.9	97.7	97.8†
	3	113.2	104.8	102.0	110.5	132.3†	138.5	134.0	137.3	135.4	97.1	98.0
	4	118.8	111.3	105.0	115.4	136.2	145.4	138.1	141.5	138.3	97.1	97.5
1985	1	119.4	110.0	107.6	116.5	142.8	149.4	144.2	146.6	142.4	96.1	96.6
	2	120.8	112.6	109.9	118.1	141.8	146.1	142.8	145.7	143.1	97.7	98.8
	3	116.4	110.1	109.8	114.8	136.1	144.1	138.3	141.9	141.9	100.1	101.8
	4	119.7	111.3	108.0	116.8	135.0	147.2	137.6	140.8	140.9	101.5	103.1
1986	1	118.1	108.7	109.0	115.8	131.0	150.6	135.4	139.2	143.3	100.9	102.1
	2	122.6	115.7	109.4	119.4	123.5	148.0	128.9	135.1	144.6	102.3	103.7
	3	122.7	114.9	111.5	119.9	120.1	149.9	127.9	134.5	145.5	103.2	103.6
	4	129.9	122.3	114.2	126.0	125.5	151.6	130.9	138.3	148.3	100.9	101.2
1987	1	129.5	121.2	113.0	125.5	127.9	151.7	132.9	140.8	149.8	100.4	101.1
	2	126.6	120.1	116.3	124.1	130.0	153.4	135.4	141.4	150.5	103.4	104.4
	3	130.6	125.8	121.5	128.3	130.9	157.1	137.9	143.1	151.9	103.7	104.6
	4	134.8	127.3	116.9	130.3	129.5	154.8	134.6	142.9	152.6	103.9	105.0
Imports		CGTS	CGSW	CGSP	HHCY	HHDA	CGTB	HDWN	CGTP	CGSY		
1976		89.6	80.7	86.1	89.0	70.5	76.0	71.6	70.9	72.7		
1977		91.3	85.2	85.2	90.1	80.9	84.9	81.6	82.1	84.5		
1978		95.5	90.4	85.9	93.6	83.2	87.9	84.1	85.2	89.5		
1979		105.7	103.0	94.2	103.3	90.6	94.1	91.3	90.9	94.2		
1980		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
1981		96.0†	98.3†	101.6†	97.2†	107.6†	109.0†	107.9†	108.4†	105.4†		
1982		101.4	105.6	104.8	102.1	114.1	120.6	115.5	117.0	113.1		
1983		110.1	117.0	102.7	108.6	122.1	132.1	124.0	127.7	124.5		
1984		122.4	128.7	106.9	119.2	133.3	142.7	135.0	139.7	136.4		
1985		126.4	133.4	107.3	122.4	138.5	147.3	140.1	145.5	142.1		
1986		134.6	141.0	113.1	130.2	131.6	149.8	134.9	134.3	141.7		
1987		144.6	152.9	122.4	140.0	134.8	152.7	138.0	138.1	145.7		
1984	1	114.9†	122.9†	105.0†	112.9†	127.8	137.9†	129.5†	133.8†	130.9†		
	2	120.8	127.0	107.8	118.2	131.0	139.3	132.5	137.6	134.8		
	3	124.2	130.6	107.4	120.7	134.9†	143.2	136.7	141.4	138.1		
	4	129.5	134.5	107.5	124.9	138.8	150.4	140.7	145.8	141.8		
1985	1	128.1	132.3	106.2	123.6	146.3	156.5	147.9	152.6	147.4		
	2	125.2	133.4	104.9	121.1	141.6	148.8	142.9	149.1	144.9		
	3	124.5	132.6	107.7	121.0	134.6	141.3	136.1	141.7	139.4		
	4	127.6	135.3	110.2	124.0	131.4	144.7	133.6	138.7	136.7		
1986	1	126.8	135.5	113.1	124.0	135.5	145.7	137.2	138.0	140.4		
	2	130.4	136.9	112.0	126.6	130.7	146.4	133.5	132.0	139.4		
	3	139.3	144.2	111.9	133.6	127.8	154.0	133.2	130.3	140.5		
	4	142.0	147.5	115.3	136.5	132.8	152.0	135.9	137.0	146.5		
1987	1	133.5	140.0	115.8	129.9	136.0	151.9	138.5	140.2	148.2		
	2	141.1	149.5	121.5	137.1	134.9	151.5	137.9	136.7	144.1		
	3	151.1	160.1	126.2	146.0	134.7	155.3	139.1	138.0	145.2		
	4	152.5	161.9	126.2	147.1	133.8	151.0	136.6	137.5	145.3		

1. Current price value as a percentage of value at 1980 prices. Shows the price difference compared with 1980 for the current pattern of trade.
2. Shows the price difference compared with 1980 for the 1980 pattern of trade (the 1975 pattern up to 1977). Not available for services.
3. Export unit value indices as a percentage of import unit value indices. These values are shown against 'exports' for convenience.

INVISIBLES: SUMMARY

TABLE 4

£ million

		Seasonally adjusted											Not seasonally adjusted*		
		Invisibles credits				Invisibles debits				Invisibles balance			Total invisibles		
											of which:				
		Services	IPD	Transfers	Total	Services	IPD	Transfers	Total	Total	Private sector and PC: services and IPD	Gen. govt. transactions and private transfers	Credits	Debits	Balance
		CGKS	CGKL	CGKT	CGKR	CGHU	CGHJ	CGHV	CGHT	AIMB	CGIV	CGIS	CGJY	CGGY	CGIK
1976		10 019	8 405†	790	19 214†	7 774	6 829	1 576	16 179	3 035†	4 698†	-1 663	19 214†	16 179	3 035†
1977		11 625	8 813	912	21 350	8 587	8 551	2 040	19 178	2 172	4 181	-2 009	21 350	19 178	2 172
1978		12 440	11 195	1 213	24 848	8 962	10 375	3 004	22 341	2 507	4 988	-2 481	24 848	22 341	2 507
1979		14 347	17 549	1 390	33 286	10 532	16 300†	3 609	30 441†	2 845	5 738	-2 893	33 286	30 441†	2 845
1980		15 655†	23 629	1 881	41 165	11 878	23 729	3 876	39 483	1 682	4 477	-2 795	41 165	39 483	1 682
1981		17 025	37 352	2 807†	57 184	13 149	36 185	4 457†	53 791	3 393	5 877	-2 484†	57 184	53 791	3 393
1982		17 677	44 124	3 415	65 216	15 010†	42 816	5 234	63 060	2 156	5 438	-3 282	65 216	63 060	2 156
1983		19 832	42 207	3 659	65 698	16 112	39 555	5 415	61 082	4 616	7 846	-3 230	65 698	61 082	4 616
1984		21 943	51 650	4 006	77 599	18 129	47 216	5 849	71 194	6 405	9 935	-3 530	77 599	71 194	6 405
1985		24 637	52 399	3 447	80 483	18 760	49 558	6 700	75 018	5 465	10 752	-5 287	80 483	75 018	5 465
1986		25 730	47 678	3 854	77 262	20 121	42 621	6 011	68 753	8 509	12 972	-4 463	77 262	68 753	8 509
1987		27 907	48 368	3 927	80 202	22 199	42 692	7 365	72 256	7 946	14 157	-6 211	80 202	72 256	7 946
1979	1	3 345	3 779†	314	7 438†	2 425	3 320†	853	6 598†	840†	1 534†	-694	7 135†	6 403	732†
	2	3 461	4 059	352	7 872	2 604	3 895	872	7 371	501	1 217	-716	7 805	7 427	378
	3	3 663	4 558	361	8 582	2 661	4 093	923	7 677	905	1 628	-723	9 094	7 913	1 181
	4	3 878	5 153	363	9 394	2 842	4 992	961	8 795	599	1 359	-760	9 252	8 698†	554
1980	1	3 911†	5 683	446	10 040	2 992†	5 719	928	9 639	401	1 018	-617†	9 642	9 333	309
	2	3 880	6 245	429	10 554	2 990	6 397	1 010	10 397	157	969	-812	10 480	10 471	9
	3	3 902	5 711	443	10 056	2 954	5 715	1 016	9 685	371	1 148	-777	10 625	10 094	531
	4	3 962	5 990	563	10 515	2 942	5 898	922	9 762	753	1 342	-589	10 418	9 585	833
1981	1	4 021	7 174	1 035†	12 230	2 995	6 922	1 117†	11 034	1 196	1 409	-213	11 858	10 701	1 157
	2	4 151	8 385	437	12 973	3 177	8 017	1 051	12 245	728	1 538	-810	12 905	12 340	565
	3	4 399	10 209	537	15 145	3 466	9 941	1 230	14 637	508	1 415	-907	15 718	15 102	616
	4	4 454	11 584	798	16 836	3 511	11 305	1 059	15 875	961	1 515	-554	16 703	15 648	1 055
1982	1	4 364	10 277	1 385	16 026	3 495	10 266	1 283	15 044	982	1 176	-194	15 669	14 643	1 026
	2	4 466	11 183	530	16 179	3 772	10 788	1 294	15 854	325	1 453	-1 128	16 082	16 018	64
	3	4 353	11 168	675	16 196	3 866	10 806	1 341	16 013	183	1 267	-1 084	16 799	16 513	286
	4	4 494	11 496	825	16 815	3 877	10 956	1 316	16 149	666	1 542	-876	16 666	15 886	780
1983	1	4 884	11 417	1 252	17 553	3 907	10 658	1 275	15 840	1 713	2 082	-369	17 100	15 420	1 680
	2	4 887	9 883	694	15 464	3 937	9 560	1 423	14 920	544	1 616	-1 072	15 389	15 025	364
	3	5 000	10 286	818	16 104	4 165	9 323	1 243	14 731	1 373	2 169	-796	16 794	15 258	1 536
	4	5 061	10 621	895	16 577	4 103	10 014	1 474	15 591	986	1 979	-993	16 415	15 379	1 036
1984	1	5 264	11 544	1 057	17 865	4 272	10 759	1 439	16 470	1 395	2 177	-782	17 373	16 053	1 320
	2	5 326	11 869	749	17 944	4 473	10 958	1 434	16 865	1 079	2 206	-1 127	17 858	16 930	928
	3	5 510	13 530	761	19 801	4 577	12 336	1 405	18 318	1 483	2 556	-1 073	20 627	18 944	1 683
	4	5 843	14 707	1 439	21 989	4 807	13 163	1 571	19 541	2 448	2 996	-548	21 741	19 267	2 474
1985	1	6 166	14 771	947	21 884	4 885	13 927	1 879	20 691	1 193	2 622	-1 429	21 334	20 224	1 110
	2	6 212	13 382	733	20 327	4 637	12 648	1 432	18 717	1 610	2 779	-1 169	20 240	18 809	1 431
	3	6 116	12 429	942	19 487	4 509	11 357	1 823	17 689	1 798	3 236	-1 438	20 436	18 498	1 938
	4	6 143	11 817	825	18 785	4 729	11 626	1 566	17 921	864	2 115	-1 251	18 473	17 487	986
1986	1	6 344	11 837	1 043	19 224	4 864	10 929	1 077	16 870	2 354	2 984	-630	18 685	16 345	2 340
	2	6 254	11 426	1 035	18 715	4 929	10 217	1 584	16 730	1 985	3 069	-1 084	18 678	16 757	1 921
	3	6 434	11 988	949	19 371	5 100	10 416	1 688	17 204	2 167	3 458	-1 291	20 300	18 141	2 159
	4	6 698	12 427	827	19 952	5 228	11 059	1 662	17 949	2 003	3 461	-1 458	19 599	17 510	2 089
1987	1	6 645	12 122	1 267	20 034	5 256	10 642	2 126	18 024	2 010	3 471	-1 461	19 463	17 366	2 097
	2	6 917	11 952	1 082	19 951	5 527	10 576	1 831	17 934	2 017	3 391	-1 374	19 933	17 914	2 019
	3	7 345	12 145	883	20 373	5 781	10 561	1 818	18 160	2 213	3 890	-1 677	21 420	19 341	2 079
	4	7 000	12 149	695	19 844	5 635	10 913	1 590	18 138	1 706	3 405	-1 699	19 386	17 635	1 751

SERVICES

TABLE 5

£ million

Private sector and public corporations

	Sea transport			Civil aviation			Travel			Financial and other services		
	Credits	Debits	Balance	Credits	Debits	Balance	Credits	Debits	Balance	Credits	Debits	Balance
	CGJW	CGGW	HBTO	CGJO	CGGG	HDJA	CGKA	CGHA	HBYE	HHDE	HBVH	HHCW
1976	3 233	3 155	78	1 049	840	209	1 768	1 068	700	3 754	1 845†	1 909
1977	3 433	3 345	88	1 203	984	219	2 352	1 186	1 166	4 396	2 131	2 265
1978	3 149	3 162	-13	1 455	1 176	279	2 507	1 549	958	5 075	2 088	2 987
1979	3 804	3 677	127	1 755	1 467	288	2 797	2 109	688	5 728	2 205	3 521
1980	3 816	3 675	141	2 210	1 886	324	2 989†	2 738	231†	6 345	2 413	3 932
1981	3 784	3 944	-160	2 359	2 012	347	2 970	3 271†	-301	7 511†	2 657	4 854†
1982	3 267	3 891†	-624†	2 471	2 257	214	3 188	3 640	-452	8 347	3 467	4 880
1983	3 054	4 067	-1 013	2 665	2 488	177	4 003	4 088	-85	9 640	3 947	5 693
1984	3 254	4 385	-1 131	2 931	2 829	102	4 613	4 663	-50	10 671	4 597	6 074
1985	3 270	4 435	-1 165	3 078	3 038	40	5 442	4 871	571	12 364	4 636	7 728
1986	3 368†	4 277	-909	2 834†	3 371	-537†	5 419	6 065	-646	13 603	4 501	9 102
1987	3 567	4 488	-921	3 253	3 906†	-653	6 273	7 241	-968	14 297	4 447	9 850
Unadjusted												
1983 1	728	1 006	-278	525	536	-11	653	600†	53†	2 420†	923†	1 497†
2	725	982†	-257†	629	626	3	943	967	-24	2 350	973	1 377
3	813	1 061	-248	823	745	78	1 496	1 726	-230	2 495	1 004	1 491
4	788	1 018	-230	688	581	107	911	795	116	2 375	1 047	1 328
1984 1	739	1 057	-318	561	568	-7	727	715	12	2 639	1 053	1 586
2	807	1 079	-272	693	673	20	1 074	1 184	-110	2 578	1 127	1 451
3	885	1 080	-195	901	881	20	1 751	1 835	-84	2 687	1 179	1 508
4	823	1 169	-346	776	707	69	1 061	929	132	2 767	1 238	1 529
1985 1	786	1 170	-384	618	657	-39	903†	846	57	3 182	1 216	1 966
2	860	1 163	-303	784	763	21	1 330	1 153	177	3 029	1 177	1 852
3	840	1 048	-208	941	883	58	2 064	1 880	184	3 126	1 106	2 020
4	784	1 054	-270	735	735	-	1 145	992	153	3 027	1 137	1 890
1986 1	803	1 008	-205	630†	734	-104†	912	896	16	3 299	1 095	2 204
2	907	1 106	-199	659	836	-177	1 250	1 456	-206	3 288	1 094	2 194
3	838	1 065	-227	834	1 010	-176	2 055	2 539	-484	3 557	1 121	2 436
4	820†	1 098	-278	711	791	-80	1 202	1 174	28	3 459	1 191	2 268
1987 1	749	1 006	-257	609	834	-225	1 014	1 081	-67	3 463	1 092	2 371
2	880	1 121	-241	815	965	-150	1 491	1 798	-307	3 525	1 092	2 433
3	994	1 179	-185	1 038	1 220†	-182	2 358	2 977	-619	3 928	1 139	2 789
4	944	1 182	-238	791	887	-96	1 410	1 385	25	3 381	1 124	2 257
Seasonally adjusted	CGKP	CGHR	HHCS	CGKE	CGHF	HHCT	CGKU	CGHW	HHCU	HHDD	CGHN	HHCV
1983 1	761	1 004†	-243†	653	611†	42†	954	960†	-6†	2 397†	942†	1 455†
2	715	967	-252	670	619	51	982	993	-11	2 388	992	1 396
3	776	1 063	-287	668	621	47	1 003	1 097	-94	2 426	1 003	1 423
4	802	1 033	-231	674	637	37	1 064	1 038	26	2 429	1 010	1 419
1984 1	773	1 049	-276	700	648	52	1 073	1 104	-31	2 609	1 074	1 535
2	798	1 062	-264	721†	670	51	1 122	1 192	-70	2 595	1 135	1 460
3	843	1 095	-252	736	743	-7	1 179	1 145	34	2 624	1 175	1 449
4	840	1 179	-339	774	768	6	1 239	1 222	17	2 843	1 213	1 630
1985 1	825†	1 174	-349	769	741	28	1 327†	1 275	52	3 129	1 239	1 890
2	850	1 142	-292	810	759	51	1 388	1 147	241	3 051	1 175	1 876
3	800	1 054	-254	760	737	23	1 382	1 155	227	3 055	1 097	1 958
4	795	1 065	-270	739	801	-62	1 345	1 294	51	3 129	1 125	2 004
1986 1	838	1 025	-187	778	844	-66	1 334	1 373	-39	3 259	1 107	2 152
2	886	1 070	-184	669	828	-159	1 295	1 514	-219	3 302	1 087	2 215
3	803	1 068	-265	673	833	-160	1 370	1 633	-263	3 478	1 127	2 351
4	841	1 114	-273	714	866	-152	1 420	1 545	-125	3 564	1 180	2 384
1987 1	785	1 011	-226	754	965	-211	1 487	1 678	-191	3 435	1 099	2 336
2	863	1 110	-247	832	961	-129	1 548	1 877	-329	3 548	1 091	2 457
3	949	1 178	-229	861	1 006	-145	1 582	1 914	-332	3 838	1 140	2 698
4	970	1 189	-219	806	974	-168	1 656	1 772	-116	3 476	1 117	2 359

SERVICES

TABLE 5 (continued)

£ million

	Private sector and public corporations			General government					Total services		
	All services			Credits from EC institutions	Other credits	Total credits	Debits	Balance	Credits	Debits	Balance
	Credits	Debits	Balance								
	CGJU	CGGU	CGIL	CGPJ	CGPK	CGJR	CGGI	CGIG	CGJZ	CGGZ	CGIN
1976	9 804	6 907	2 897	46	169	215	867	-652	10 019	7 774	2 245
1977	11 384	7 646	3 738	78	163	241	941	-700	11 625	8 587	3 038
1978	12 186	7 975	4 211	94	160	254	987	-733	12 440	8 962	3 478
1979	14 082	9 458	4 624	115	150	265	1 074	-809	14 347	10 532	3 815
1980	15 340†	10 712	4 628†	112	203	315	1 166	-851	15 655†	11 878	3 777†
1981	16 624	11 884†	4 740	122	279	401	1 265†	-864†	17 025	13 149	3 876
1982	17 273	13 255	4 018	150	254	404	1 755	-1 351	17 677	15 010†	2 667
1983	19 362	14 590	4 772	148	322	470	1 522	-1 052	19 832	16 112	3 720
1984	21 489	16 474	4 995	186	288†	474†	1 655	-1 181	21 943	18 129	3 814
1985	24 154	16 980	7 174	157	326	483	1 780	-1 297	24 637	18 760	5 877
1986	25 224	18 214	7 010	158	348	506	1 907	-1 401	25 730	20 121	5 609
1987	27 390	20 082	7 308	126†	391	517	2 117	-1 600	27 907	22 199	5 708
Unadjusted											
1983 1	4 326†	3 065†	1 261†	37	122	159	390†	-231†	4 485†	3 455†	1 030†
2	4 647	3 548	1 099	32	73	105	366	-261	4 752	3 914	838
3	5 627	4 536	1 091	52†	69	121†	381	-260	5 748	4 917	831
4	4 762	3 441	1 321	27	58	85	385	-300	4 847	3 826	1 021
1984 1	4 666	3 393	1 273	41	103†	144	397	-253	4 810	3 790	1 020
2	5 152	4 063	1 089	38	37	75	414	-339	5 227	4 477	750
3	6 224	4 975	1 249	46	73	119	419	-300	6 343	5 394	949
4	5 427	4 043	1 384	61	75	136	425	-289	5 563	4 468	1 095
1985 1	5 489	3 889	1 600	38	117	155	456	-301	5 644	4 345	1 299
2	6 003	4 256	1 747	39	53	92	414	-322	6 095	4 670	1 425
3	6 971	4 917	2 054	40	70	110	466	-356	7 081	5 383	1 698
4	5 691	3 918	1 773	40	86	126	444	-318	5 817	4 362	1 455
1986 1	5 644	3 733	1 911	31	149	180	515	-335	5 824	4 248	1 576
2	6 104	4 492	1 612	51	35	86	430	-344	6 190	4 922	1 268
3	7 284	5 735	1 549	30	68	98	439	-341	7 382	6 174	1 208
4	6 192	4 254	1 938	46	96	142	523	-381	6 334	4 777	1 557
1987 1	5 835	4 013	1 822	63	175	238	503	-265	6 073	4 516	1 557
2	6 711	4 976	1 735	46	56	102	488	-386	6 813	5 464	1 349
3	8 318	6 515	1 803	16	85	101	543	-442	8 419	7 058	1 361
4	6 526	4 578	1 948	1	75	76	583	-507	6 602	5 161	1 441
Seasonally adjusted	CGKN	CGHP	CGIT		CGPO	CGKK	CGHH	CGIP	CGKS	CGHU	AIMC
1983 1	4 765†	3 517†	1 248†	37	82	119	390†	-271†	4 884†	3 907	977†
2	4 755	3 571	1 184	32	100†	132†	386	-234	4 887	3 937†	950
3	4 873	3 784	1 089	52†	75	127	381	-254	5 000	4 165	835
4	4 969	3 718	1 251	27	65	92	385	-293	5 061	4 103	958
1984 1	5 155	3 875	1 280	41	68	109	397	-288	5 264	4 272	992
2	5 236	4 059	1 177	38	52	90	414	-324	5 326	4 473	853
3	5 382	4 158	1 224	46	82	128	419	-291	5 510	4 577	933
4	5 696	4 382	1 314	61	86	147	425	-278	5 843	4 807	1 036
1985 1	6 050	4 429	1 621	38	78	116	456	-340	6 166	4 885	1 281
2	6 099	4 223	1 876	39	74	113	414	-301	6 212	4 637	1 575
3	5 997	4 043	1 954	40	79	119	466	-347	6 116	4 509	1 607
4	6 008	4 285	1 723	40	95	135	444	-309	6 143	4 729	1 414
1986 1	6 209	4 349	1 860	31	104	135	515	-380	6 344	4 864	1 480
2	6 152	4 499	1 653	51	51	102	430	-328	6 254	4 929	1 325
3	6 324	4 661	1 663	30	80	110	439	-329	6 434	5 100	1 334
4	6 539	4 705	1 834	46	113	159	523	-364	6 698	5 228	1 470
1987 1	6 461	4 753	1 708	63	121	184	503	-319	6 645	5 256	1 389
2	6 791	5 039	1 752	46	80	126	488	-362	6 917	5 527	1 390
3	7 230	5 238	1 992	16	99	115	543	-428	7 345	5 761	1 584
4	6 908	5 052	1 856	1	91	92	583	-491	7 000	5 635	1 365

INTEREST,PROFITS AND DIVIDENDS: CREDITS

TABLE 6

£ million

Credits - earnings on:

		Direct investment	Portfolio investment by: UK banks	Portfolio investment by: Other UK residents	Total portfolio investment	Lending etc to overseas residents by UK banks	of which: identified foreign currency lending	Deposits and lending overseas by UK residents other than banks and general government: Transactions with banks abroad	Deposits and lending overseas by UK residents other than banks and general government: Other assets	Official reserves	Other external assets of central government	Total credits	of which: Private sector and public corporations	of which: General government
		HHBY	HESH	HHHR	CGNV	HERG	HHIJ	HERH	HERJ	HHCB	HERI	CGJS	CGNT	CGNR
1976		2 857	10	303	313	4 758	4 423	141†	83	137	116	8 405†	8 152†	253
1977		2 834	20	308	328	5 021	4 731	166	80	233	151	8 813	8 429	384
1978		3 216	40	360	400	6 559	6 180	230	97	536	157	11 195	10 502	693
1979		5 819	50	490	540	9 815	9 298	396	183	653	163	17 549	16 733	816
1980		5 049	80	670	750	16 052	15 292	616	215	799	148	23 629	22 683	946
1981		5 418	200	780	980	28 765	27 611	956	253	857	113	37 352	36 382	970
1982		4 804	350	1 300	1 650	34 549	33 208	1 277	865	761	218	44 124	43 144	980
1983		6 201	840	1 805	2 645	30 775	29 167	1 071	748	589	178	42 207	41 440	767
1984		7 831	1 423	2 287†	3 710†	36 699	34 702	1 588	1 002	587	233	51 650	50 830	820
1985		7 769†	2 301	2 763	5 064	35 866	32 849	1 931	1 031	538	200	52 399	51 661	738
1986		7 701	2 621	3 124	5 745	30 999	28 197	1 648	820	608	157†	47 678	46 914	764
1987		10 818	2 477†	3 272	5 749	28 564†	25 405†	1 658	642†	854†	83	48 368	47 430	938†
Unadjusted														
1983	1	1 401	244	414	658	8 643	8 226	278†	192	136	46	11 354†	11 171†	183
	2	1 437	160	432	592	7 290	6 888	265	176	201	44	10 005	9 761	244
	3	1 806	227	468	695	7 144	6 749	258	185	113	37	10 238	10 088	150
	4	1 557	209	491	700	7 698	7 304	270	195	139	51	10 610	10 420	190
1984	1	1 920	241	527†	768†	8 093	7 639	312	216	138	53	11 500	11 309	191
	2	1 715	288	546	834	8 591	8 094	348	235	172	51	11 946	11 723	223
	3	2 200	397	583	980	9 483	8 979	407	263	130	64	13 527	13 333	194
	4	1 996	497	631	1 128	10 532	9 990	521	288	147	65	14 677	14 465	212
1985	1	2 328†	651	705	1 356	10 063	9 349	530	285	144	32	14 738	14 561	177
	2	2 103	582	702	1 284	9 131	8 400	506	258	131	62	13 475	13 282	193
	3	1 922	548	683	1 231	8 386	7 567	463	248	123	44	12 417	12 251	166
	4	1 416	520	673	1 193	8 286	7 533	432	240	140	62	11 769	11 567	202
1986	1	1 616	615	657	1 272	8 089	7 388	431	224	150	33	11 815	11 632	183
	2	1 877	618	733	1 351	7 474	6 746	428	202	152	34†	11 518	11 333	185
	3	2 098	675	826	1 501	7 601	6 929	385	201	151	40	11 977	11 786	191
	4	2 110	713	908	1 621	7 835	7 134	404	193	155	50	12 368	12 163	205
1987	1	2 651	663	859	1 522	7 157†	6 395†	413	173	159	26	12 101	11 916	185
	2	2 751	621	825	1 446	7 093	6 316	410	161	217	13	12 091	11 860	231†
	3	2 774	595†	811	1 406	7 136	6 350	414	158†	208	21	12 117	11 888	229
	4	2 642	598	777	1 375	7 178	6 344	421	150	270†	23	12 059	11 766	293
Seasonally adjusted		HHBZ	HHAS	HHHS	CGGS	HHHQ	HHJK			HHCC	HHHW	CGKL	CGMI	CGMG
1983	1	1 421†	244	414	658	8 652	8 238	278†	192	168	48	11 417†	11 201†	216
	2	1 380	160	432	592	7 285	6 888	265	176	134	51	9 883	9 698	185
	3	1 832	227	468	695	7 134	6 740	258	185	144	38	10 286	10 104	182
	4	1 568	209	491	700	7 704	7 301	270	195	143	41	10 621	10 437	184
1984	1	1 950	241	527†	768†	8 102	7 653	312	216	138	58	11 544	11 347	197
	2	1 634	288	546	834	8 586	8 095	348	235	172	60	11 869	11 637	232
	3	2 217	397	583	980	9 470	8 968	407	263	130	63	13 530	13 337	193
	4	2 030	497	631	1 128	10 541	9 986	521	288	147	52	14 707	14 509	198
1985	1	2 351	651	705	1 356	10 068	9 365	530	285	144	37	14 771	14 590	181
	2	2 011	582	702	1 284	9 123	8 400	506	258	131	69	13 382	13 182	200
	3	1 941	548	683	1 231	8 379	7 556	463	248	123	44	12 429	12 262	167
	4	1 466	520	673	1 192	8 296	7 528	432	240	140	50	11 817	11 627	190
1986	1	1 844	615	657	1 272	8 076	7 384	431	224	150	40†	11 837	11 648	189
	2	1 786	618	733	1 351	7 468	6 746	428	202	152	39	11 426	11 235	191†
	3	2 119	675	826	1 501	7 593	6 918	385	201	151	38	11 988	11 799	189
	4	2 152	713	908	1 621	7 862	7 149	404	193	155	40	12 427	12 232	195
1987	1	2 668	663	859	1 521	7 161†	6 415†	413	173	159	26	12 122	11 937	185
	2	2 618	621	825	1 446	7 082	6 312	410	161	217	18	11 952	11 716	236
	3	2 810	595†	811	1 406	7 129	6 339	414	158†	208	20	12 145	11 917	228
	4	2 722	598	777	1 375	7 192	6 339	421	150	270†	19	12 149	11 860	289

INTEREST,PROFITS AND DIVIDENDS: DEBITS AND BALANCE

TABLE 6 (continued)

£ million

	Debits: earnings on:										Balance of IPD			
	Direct investment				Overseas borrowing by UK banks		Borrowing from overseas by UK residents other than banks and general government		Other external liabilities of general government		of which:			
	Non-oil companies	Oil companies' and misc.	Total direct investment	Portfolio investment	Foreign currency	Sterling	Transactions with banks abroad	Other liabilities		Total debits	Private sector and public corporations	General government	Private sector and public corporations	General government	Total
	CGNX	HHCF	HHCH	HERN	HHID	HHIE	HERO	HERQ	HERR	CGGK	HHII	HERS	CGQD	HERV	CGOA
1976	1 040	-73	967	509	4 487	341	232	58	235	6 829	6 351	478	1 801†	-225	1 576†
1977	1 432	569	2 001	670	4 924	308	324	59	265	8 551	7 986	565	443	-181	262
1978	1 526	707	2 233	782	6 183	343	513	71	250	10 375	9 725	650	777	43	820
1979	2 077	1 919	3 996	844	9 717	720	683†	90	250	16 300†	15 619†	681	1 114	135	1 249
1980	1 873	2 900	4 773	1 084	15 324	1 203	1 022	51†	272	23 729	22 834	895	-151	51	-100
1981	1 961	2 741	4 702	1 212	27 156	1 528	1 303	53	231	36 185	35 245	940	1 137	30	1 167
1982	2 081	2 586	4 667	1 336	32 933	1 878	1 585	124	293	42 816	41 724	1 092	1 420	-112	1 308
1983	2 308	2 958	5 266	1 375	28 935	2 029	1 510	136	304	39 555	38 366	1 189	3 074	-422	2 652
1984	2 965	3 314	6 279	1 548	34 718	2 288	1 851	200	332	47 216	45 890	1 326	4 940	-506	4 434
1985	3 459†	4 005	7 464†	1 822	34 309	3 562	1 833	267	301	49 558	48 083	1 475	3 578	-737	2 841
1986	3 117	2 218†	5 335	2 376	29 050	3 553	1 716	297	294	42 621	40 952	1 669	5 962	-905	5 057
1987	3 282	2 504	5 786	3 349†	27 060†	4 019†	1 804	361	313†	42 692	40 581	2 111†	6 849	-1 173†	5 676
Unadjusted															
1983 1	547	530	1 077	351	8 248	472	349†	33†	19	10 549	10 284	265	887†	-82	805†
2	661	823	1 484	360	6 773	530	392	31	158	9 728†	9 362†	366	399	-122	277
3	584	589	1 173	368	6 748	470	348	34	20	9 161	8 893	268	1 195	-118	1 077
4	516	1 016	1 532	296	7 166	557	421	38	107	10 117	9 827	290	593	-100	493
1984 1	709	1 110	1 819	387	7 514	480	394	45	50	10 689	10 357	332	952	-141	811
2	772	816	1 588	401	7 928	520	466	45	94	11 042	10 723	319	1 000	-96	904
3	658	694	1 352	431	9 319	545	452	55	57	12 211	11 860	351	1 473	-157	1 316
4	826	694	1 520	329	9 957	743	539	55	131	13 274	12 950	324	1 515	-112	1 403
1985 1	888†	1 459	2 347†	438	9 746	717	481	62	60	13 851	13 476	375	1 085	-198	887
2	1 015	870	1 885	434	8 914	880	478	69	74	12 734	12 413	321	869	-128	741
3	636	669	1 305	517	7 989	1 004	417	67	57	11 356	10 951	405	1 300	-239	1 061
4	920	1 007	1 927	433	7 660	961	457	69	110	11 617	11 243	374	324	-172	152
1986 1	604	734†	1 338	590	7 504	890	417	69	60	10 868	10 404	464	1 228	-281	947
2	836	463	1 299	534	6 967	899	446	65	67	10 277	9 939	338	1 394	-153	1 241
3	764	311	1 075	669	7 202	882	389	72	53	10 342	9 882	460	1 904	-269	1 635
4	913	710	1 623	583	7 377	882	464	91	114	11 134	10 727	407	1 436	-202	1 234
1987 1	822	872	1 694	806†	6 527	956	451	83	62	10 579	10 006	573†	1 910	-388†	1 522
2	843	478	1 321	796	6 891†	1 029	454	85	71	10 647	10 252	395	1 608	-164	1 444
3	810	421	1 231	981	6 774	938	433	92	64	10 513	9 883	630	2 005	-401	1 604
4	807	733	1 540	766	6 868	1 098†	486	101	116†	10 953	10 440	513	1 326	-220	1 106
Seasonally adjusted	CGEU		HHCI	HHIA	HHIV	HHIH	HHHX	HHHZ	HHHY	CGHJ	HHHK	HHHL	CGMW	HHHM	AIMD
1983 1	546†	530	1 076†	338	8 248	515	374†	33†	74	10 658†	10 367†	291	834†	-75	759†
2	625	823	1 448	337	6 773	524	371	30	77	9 560	9 266	294	432	-109	323
3	640	589	1 229	352	6 748	511	372	35	76	9 323	9 024	299	1 080	-117	963
4	497	1 016	1 513	348	7 166	479	393	38	77	10 014	9 709	305	728	-121	607
1984 1	721	1 110	1 831	366	7 514	515	419	45	69	10 759	10 450	309	897	-112	785
2	717	816	1 533	385	7 928	520	444	45	103	10 958	10 608	350	1 029	-118	911
3	715	694	1 409	402	9 319	595	479	56	76	12 336	12 005	331	1 332	-138	1 194
4	812	694	1 506	395	9 957	658	509	54	84	13 163	12 827	336	1 682	-138	1 544
1985 1	916	1 459	2 375	396	9 746	767	504	62	77	13 927	13 589	338	1 001	-157	844
2	935	870	1 805	441	8 914	880	459	69	79	12 648	12 279	369	903	-169	734
3	688	669	1 357	468	7 989	964	440	67	73	11 357	10 980	377	1 282	-210	1 072
4	920	1 007	1 927	517	7 660	951	430	69	72	11 626	11 235	391	392	-201	191
1986 1	635	734†	1 369	539	7 504	937†	433	70	77	10 929	10 524	405	1 124	-216	908
2	768	463	1 231	562	6 967	887	433	65	72	10 217	9 819	398	1 416	-207†	1 209
3	818	311	1 129	604	7 202	931	405	73	72	10 416	10 004	412	1 795	-223	1 572
4	896	710	1 606	671	7 377	798	445	89	73	11 059	10 605	454	1 627	-259	1 368
1987 1	876	872	1 748	740†	6 527	1 005	462	84	76†	10 642	10 174	468†	1 763	-283	1 480
2	761	478	1 239	828	6 891†	1 018	442	86	72	10 576	10 077	499	1 639	-263	1 376
3	862	421	1 283	892	6 774	997	446	91	78	10 561	10 019	542	1 898	-314	1 584
4	783	733	1 516	889	6 868	999	454	100	87	10 913	10 311	602	1 549	-313	1 236

TRANSFERS

TABLE 7

£ million

	Credits							Debits						Balance	
		General Government							General Government						
		European Community institutions								EC institutions					
	Private	Agricultural Fund	Social Fund	Regional Development Fund	Negotiated refunds	Other	Total	Private	Bilateral aid	Before VAT abatement	VAT abatement	Other	Total	Total	of which: with EC institutions 1
	CGJV	HCOW	HDIZ	HBZA	CGPI	HHAA	HDKD	CGGV	CGEG	HHHO	HHHP	HHAB	CGGJ	CGIO	CGII
1976	537	207	11	29	-	6	253	547	279	474	-	276	1 029	-786	-221
1977	614	181	48	60	-	9	298	659	279	750	-	352	1 381	-1 128	-452
1978	774	329	63	35	-	12	439	901	387	1 384	-	352	2 103	-1 791	-925
1979	840	371	87	71	-	21	550	1 044	498	1 626	-	441	2 565	-2 219	-1 076
1980	923	550	95	173	98	42	958	1 139	528	1 783	-	426	2 737	-1 995	-825
1981	1 132†	683	107	145	693	47	1 675	1 175	584	2 188	-	510†	3 282†	-1 650†	-513
1982	1 261	791	152	111	1 019	81	2 154	1 291	496	2 878	-	569	3 943	-1 819	-724
1983	1 424	1 082	128	139	807	79	2 235	1 250	534†	2 994	-	637	4 165	-1 756	-759
1984	1 614	1 353	283	184	528	44	2 392	1 357	560	3 213	-	719	4 492	-1 843	-821
1985	1 577	1 203	256	274	61	76	1 870	1 497†	614	3 970	-166	785	5 203	-3 253	-1 934
1986	1 719	1 385	335	298	-	117	2 135	1 660	636	4 513	-1 701	903	4 351	-2 157	-677
1987	1 646	1 345†	428†	404†	-	104†	2 281†	1 785	579	5 227†	-1 153†	927	5 580	-3 438	-1 793†
Unadjusted															
1983 1	340†	257	49	29†	568	18†	921	310†	258†	661	-	187†	1 106	-155†	260
2	351	226	22	17	-	16	281	312	80	791	-	200	1 071	-751	-510
3	361	304	36	62	21	24	447	313	96	628	-	143	867	-372	-181
4	372	295	21	31	218	21	586	315	100	914	-	107	1 121†	-478	-328
1984 1	396	407	180	67	-	13	667	328	248	783†	-	215	1 246	-511	-116†
2	401	244	10	17	-	13	284	335	68	787	-	221	1 076	-726	-503
3	406	306	5	31	-	9	351	343	102	748	-	146	996	-582	-397
4	411	396	88	69	528	9	1 090	351	142	895	-	137	1 174	-24	195
1985 1	389	277	101	85	61	39	563	360	290	1 137	-	241	1 668	-1 076	-574
2	393	231	4	39	-	3	277	370	73	721	-	241	1 035	-735	-444
3	396	306	147	78	-	11	542	379	124	1 091	-	165	1 380	-821	-549
4	399	389	4	72	-	23	488	388	127	1 021	-166	138	1 120	-621	-367
1986 1	426	488	8	94	-	30	620	402	292	936	-657	256	827	-183	341
2	429	326	184	2	-	29	541	411	50	1 069	-225	253	1 147	-588	-303
3	431	339	13	140	-	18	510	419	106	1 347	-478	231	1 206	-684	-359
4	433	232	130	62	-	40	464	428	188	1 161	-341	163	1 171	-702	-356
1987 1	417	626	86	125	-	35	872†	435	299	1 585	-299	271	1 836	-982	-394
2	413	332	226	56	-	2	616	443	65	1 312	-287	270	1 360	-774	-409
3	410	294	24	119	-	37	474	450	99	1 306	-284	199	1 320	-886	-548
4	406	93†	92†	104	-	30	319	457	116	1 044	-283†	187	1 064	-796	-442
Seasonally adjusted	CGKO	HHAC	HHAD			HHAE	HHAH	CGHQ	CGEM	HHHT		HHAG	CGHI	AIME	CGIR
1983 1	340†	248	49	29†	568	18†	912	310†	142†	661	-	162	985†	-23†	251
2	351	288	22	17	-	16	343	312	151	791	-	169†	1 111	-729	-448
3	361	314	36	62	21	24	457	313	135	628	-	167	930	-425	-171
4	372	232	21	31	218	21	523	315	106	914	-	139	1 159	-579	-391
1984 1	396	401	180	67	-	13	661	328	140	783†	-	188	1 111	-382	-122†
2	401	308	10	17	-	13	348	335	131	787	-	181	1 099	-685	-439
3	406	310	5	31	-	9	355	343	141	748	-	173	1 062	-644	-393
4	411	334	88	69	528	9	1 028	351	148	895	-	177	1 220	-132	133
1985 1	389	272	101	85	61	39	558	360	173	1 137	-	209	1 519	-932	-579
2	393	294	4	39	-	3	340	370	136	721	-	205	1 062	-699	-381
3	396	310	147	78	-	11	546	379	160	1 091	-	193	1 444	-881	-545
4	399	327	4	72	-	23	426	388	145	1 021	-166	178	1 178	-741	-429
1986 1	426	485	8	94	-	30	617	402	173	936	-657	223	675	-34	338
2	429	391	184	2	-	29	606	411	113	1 069	-225	216	1 173	-549	-238
3	431	347	13	140	-	18	518	419	142	1 347	-478	258	1 289	-739	-351
4	433	162	130	62	-	40	394	428	208	1 161	-341	206	1 234	-835	-426
1987 1	417	604†	86	125	-	35	850†	435	188	1 565	-299	237	1 691	-859	-416
2	413	385	226	56	-	2	669	443	142	1 312	-287	221	1 388	-749	-356
3	410	293	24	119	-	37	473	450	125	1 306	-284	221	1 368	-935	-549
4	406	63	92†	104	-	30	289	457	124	1 044	-283†	248	1 133	-895	-472

1. This series does not have the same coverage as that shown in Table 3.3 of 'The Government Expenditure Plans 1987-1988 to 1989-1990 (Cm 56-II). The main differences are that the latter excludes the United Kingdom's contribution to the Community Budget expenditure on overseas aid (which is attributed to the aid programme) and includes the services credits shown in Table 5.

SUMMARY OF TRANSACTIONS IN UK EXTERNAL ASSETS AND LIABILITIES[1]

TABLE 8

Not seasonally adjusted

£ million

		Transactions in external assets							Transactions in external liabilities						
		UK investment overseas		Lending etc to overseas residents by UK banks 2	Deposits and lending overseas by UK residents other than banks and general government 3	Official reserves	Other external assets of central government	Total transactions in assets	Overseas investment in the United Kingdom		Borrowing etc from overseas residents by UK banks 2	Borrowing from overseas by UK residents other than banks and general government 3	Other external liabilities of general government	Total transactions in liabilities	Net transactions
		Direct	Portfolio						Direct	Portfolio					
		HHBV	CGOS	HEYN	HETJ	AIPA	HEUJ	HEPZ	HHBU	HEYR	HEYS	HTEV	HEUR	HEQW	HEQU
1976		-2 419	95	-654	-939	853	-667	-3 731	1 653	1 032	-54	1 472	214	4 317	586
1977		-2 399	12	-393	-433	-9 588	-389	-13 190	2 546	1 910	2 658	1 713	1 125	9 952	-3 238
1978		-3 520	-1 073	-1 229	-957	2 329	-181	-4 631	1 962	-139	-793	1 181	-705	1 506	-3 125
1979		-5 889	-887	-29 992	-1 562	-1 059	-137	-39 526	3 030	1 549	33 540	1 544	-217	39 446	-80
1980		-4 886	-3 230	-32 788	-1 250	-291	351	-42 094	4 355	1 499	33 549	404	-594	39 213	-2 881
1981		-6 005	-4 300	-40 183	-1 516	2 419	93	-49 492	2 932	323	39 260	762	-206	43 071	-6 421
1982		-4 090	-7 310	-20 558	-780	1 421	-161	-31 478	3 027	225	24 325	589†	407	28 573†	-2 905†
1983		-5 379	-6 770†	-18 332	-801	807	-478	-31 153†	3 386	1 888	21 137	291	-584	26 118	-5 035
1984		-6 118	-9 420	-14 087	-1 960†	906	-743	-31 400	-181	1 419	24 797	-1 694	-41†	24 300	-7 100
1985		-8 653†	-18 080	-22 041	-729	-1 758	-730	-51 971	4 213†	7 121	29 461	3 407	21	44 223	-7 748
1986		-11 618	-23 600	-53 670	-1 264	-2 891	-510	-93 553	4 227	8 447†	63 780†	4 331	183	80 968	-12 585
1987		-17 818	7 950	-49 947†	-2 796	-12 012†	-703†	-75 326	6 099	12 619	53 067	2 656	1 618	76 059	733
1979	1	-1 347	-242	-1 127	-267	-955	-89	-4 027	289	213	2 542	271	295	3 610	-417
	2	-1 417	-39	-7 824	-586	-68	-56	-9 970	1 124	132	8 514	637	-431	9 976	6
	3	-1 839	-303	-12 978	-56	-152	-5	-15 333	827	692	13 727	-177	20	15 089	-244
	4	-1 286	-303	-8 063	-673	116	13	-10 196	790	512	8 757	813	-101	10 771	575
1980	1	-1 586	-527	-10 858	-637	-457	88	-13 977	1 303	33	11 258	108	88	12 790	-1 187
	2	-1 647	-323	-5 547	-57	-140	11	-7 713	861	968	6 190	57	-258	7 818	105
	3	-831	-1 110	-3 375	294	223	38	-4 561	941	533	3 379	-266	-121	4 466	-95
	4	-1 022	-1 270	-13 008	-840	83	214	-15 843	1 250	-35	12 722	505	-303	14 139	-1 704
1981	1	-1 535	-1 410	-11 281	-292	-319	85	-14 752	377	8	9 905	278	40	10 608	-4 144
	2	-1 328	-1 030	-6 771	-457	1 448	-30	-8 168	1 181	-138	5 444	-155	91	6 423	-1 745
	3	-1 345	-770	-12 220	-372	1 167	30	-13 510	662	62	11 932	372	9	13 037	-473
	4	-1 797	-1 090	-9 911	-395	123	8	-13 062	712	391	11 979	267	-346	13 003	-59
1982	1	-1 161	-1 910	-9 849	964	11	-42	-11 987	1 355	-185	11 306	-561†	-143	11 772†	-215†
	2	-840	-1 580	1 711	-10	699	-15	-35	875	-107	-27	-7	100	834	799
	3	-1 031	-1 710	-14 888	-265	-288	-48	-18 230	529	-322	15 666	151	387	16 411	-1 819
	4	-1 058	-2 110	2 468	-1 469	999	-56	-1 226	268	839	-2 620	1 006	63	-444	-1 670
1983	1	-1 958	-1 940†	-7 330	36	652	-203	-10 743†	636	310	7 830	162	-395	8 543	-2 200
	2	-462	-1 910	2 063	449	-142	-74	-76	1 352	1 124	-1 393	-265	33	851	775
	3	-1 568	-1 230	-8 248	-93	-33	-89	-11 261	1 191	367	10 137	-48	109	11 756	495
	4	-1 391	-1 690	-4 817	-1 193	130	-112	-9 073	207	87	4 563	442	-331	4 968	-4 105
1984	1	-1 702	-3 660	-9 093	697†	77	-262	-13 943	1 292	421	11 521	-331	145†	13 048	-895
	2	-685	-130	-7 437	-1 328	857	-151	-8 854	-2 940	-437	11 032	-854	150	6 951	-1 903
	3	-1 883	-2 650	5 074	-1 121	279	-135	-436	1 497	347	-2 568	-74	235	-563	-999
	4	-1 868	-2 980	-2 611	-208	-305	-195	-8 167	-30	1 088	4 812	-435	-571	4 864	-3 303
1985	1	-3 386†	-6 040	-6 408	-998	90	-214	-16 956	2 287†	1 292	9 420	132	185	13 316	-3 640
	2	-1 725	-4 700	804	-89	-607	-186	-6 503	487	2 509	390	2 172	47	5 605	-898
	3	-1 989	-3 320	-10 899	537	-49	-76	-15 796	699	897	8 744	-390	-5	9 945	-5 851
	4	-1 553	-4 000	-5 538	-179	-1 192	-254	-12 716	740	2 423	10 907	1 493	-206	15 357	2 641
1986	1	-870	-5 910	-8 990	735	-580	62	-15 553	1 145	914	11 607	-1 033	197	12 830	-2 723
	2	-1 729	-6 680	-6 109	-664	-296	-153	-15 631	769	1 658†	7 597	1 230	117	11 371	-4 260
	3	-3 633	-6 050	-28 727	-1 316	-2 321	-160	-42 207	1 304	2 755	33 762	4 066	165	42 052	-155
	4	-5 386	-4 960	-9 844	-19	306	-259	-20 162	1 009	3 120	10 814†	68	-296	14 715	-5 447
1987	1	-2 094	-2 000	-7 280	-1 308	-1 523	-213†	-14 418	1 089	3 208	11 671	949	86	17 003	2 585
	2	-4 882	70	-14 821	6	-4 469	-185	-24 281	361	2 603	20 335	869	699	24 867	586
	3	-6 973	-410	-16 990†	-992	-269	-168	-25 802	2 246	4 719	13 267	1 048	72	21 352	-4 450
	4	-3 869	10 290	-10 856	-502	-5 751†	-137	-10 825	2 403	2 089	7 794	-210	761	12 837	2 012

1. UK assets: increase-/decrease+. UK liabilities: increase+/decrease-.
2. Prior to 1979 foreign currency lending abroad (other than certain export credit extended) is recorded on a net basis under liabilities. Prior to 1982 includes transactions by 'other financial institutions', which are subsequently included in transactions by UK residents other than banks and general government.
3. Only partial coverage for the most recent quarter - see Table 12.

DIRECT INVESTMENT

TABLE 9

Not seasonally adjusted

£ million

		Investment overseas by UK residents (Transactions in assets)			Investment in UK by overseas residents (Transactions in liabilities)					
		All companies and miscellaneous			In non-oil companies		In oil companies			
		Unremitted profits	Other	Total direct investment	Unremitted profits	Other	Unremitted profits	Other	Miscellaneous	Total direct investment
		HHDR	HHDS	HHBV	CGLU	CGLM	HERX	HEYZ	CGLO	HHBU
1982		..	..	-4 090	766	371	371	1 399	120	3 027
1983		..	..	-5 379	1 047	1 016	187	1 071	85	3 386
1984		-4 885	-1 233	-6 118	1 409	612	936	-3 203	65	-181
1985		-4 698†	-3 955†	-8 653†	1 644†	300†	2 079	100	90	4 213†
1986		-4 446	-7 172	-11 618	862	1 245	513†	1 457†	150	4 227
1987		-7 367	-10 451	-17 818	1 815	2 296	1 208	470	310†	6 099
1985	1	-1 569†	-1 817†	-3 386†	573†	228†	1 292	254	-60	2 287†
	2	-1 371	-354	-1 725	612	-157	665	-678	45	487
	3	-1 261	-728	-1 989	369	332	690	-727	35	699
	4	-497	-1 056	-1 553	90	-103	-568	1 251	70	740
1986	1	-874	4	-870	236	223	508†	148†	30	1 145
	2	-1 013	-716	-1 729	333	197	374	-185	50	769
	3	-1 211	-2 422	-3 633	395	145	257	487	20	1 304
	4	-1 348	-4 038	-5 386	-102	680	-626	1 007	50	1 009
1987	1	-2 021	-73	-2 094	476	-279	822	-100	170	1 089
	2	-1 788	-3 094	-4 882	674	311	62	-736	50	361
	3	-1 825	-5 148	-6 973	673	1 244	83	206	40	2 246
	4	-1 733	-2 136	-3 869	-8	1 020	241	1 100	50†	2 403

PORTFOLIO INVESTMENT

TABLE 10

Not seasonally adjusted

£ million

		Investment overseas by UK residents (Transactions in assets)				Investment in UK securities by overseas residents (Transactions in liabilities)							
						British government stocks					UK company securities		
		UK banks	Other financial institutions 1	Other	Total portfolio investment	Overseas monetary authorities	Other overseas residents	British government foreign currency notes and bonds	Local authorities' securities	Public corporations securities	Bonds etc	Ordinary shares	Total portfolio investment
		HHAL	HHAM	HHAN	CGOS	AING	CGLV	HEZP	HHIG	HEZX	HGDY	HGDZ	HEYR
1982		-1 952	-4 934	-424	-7 310	-212	568	-115	-7	-139	71	59	225
1983		-2 751	-3 721†	-298†	-6 770†	227	714	-	-10	12	-6	951	1 888
1984		-7 980	-1 343	-97	-9 420	188	781	-342	-4	-229	-49	1 074	1 419
1985		-10 120	-5 356	-2 584	-18 060	1 482	1 438	294	-3	-10	2 545	1 375	7 121
1986		-7 515	-14 509	-1 576	-23 600	278†	1 837	1 150	-1	-4	2 235	2 952	8 447†
1987		565†	10 227	-2 842	7 950	1 369	4 036†	-592†	-1†	-112†	1 577†	6 342†	12 619
1985	1	-1 979	-3 273†	-788†	-6 040†	208	508	-	-2	73	123	382	1 292
	2	-2 429	-1 710	-561	-4 700	640	637	-177	1	174	778	456	2 509
	3	-2 143	-630	-547	-3 320	-75	452	-	-1	-121	646	-4	897
	4	-3 569	257	-688	-4 000	709	-159	471	-1	-136	998	541	2 423
1986	1	-1 128	-4 571	-211	-5 910	-152	224	-52	-1	138	-48	805	914
	2	-2 250	-4 062	-368	-6 680	344†	424	12	-	-126	244	760	1 658†
	3	-2 728	-2 853	-469	-6 050	45	507	836	-	-7	1 086	288	2 755
	4	-1 409	-3 023	-528	-4 960	41	682	354	-	-9	953	1 099	3 120
1987	1	116	-676	-1 440	-2 000	104	668†	-176	-1	-76	656	2 033	3 208
	2	73†	820	-823	70	552	1 189	-40	-	4	-76†	994†	2 603
	3	-112	648	-946	-410	1 275	1 105	-203†	-	-40†	216	2 366	4 719
	4	488	9 435	367	10 290	-562	1 094	-173	-	-	781	949	2 089

1. Includes security dealers from 1984.

TRANSACTIONS OF UK BANKS (excluding direct and portfolio investment)

TABLE 11

Not seasonally adjusted

£ million

		Transactions in external assets						Transactions in external liabilities				Net transactions			
		Foreign currency lending abroad			Sterling lending abroad			Borrowing and deposit liabilities abroad							
									Sterling						
		Identified long-term export credit	Other	Total	Identified export credit	Other	Total	Total transactions in assets	Foreign currency	Overseas authorities' exchange reserves	Other	Total	Total transactions in liabilities	Foreign currency	Sterling	Total
		HEZY	HEPG	HEZZ	HHIL	HCAE	HCAD	HEYN	HCAF	HCHE	CGDI	HEPD	HEYS	HCAG	HCAH	HCAI
1982		+839	-15 700	-16 539	-720	-3 299	-4 019	-20 558	19 904	321	4 100	4 421	24 325	3 365	402	3 767
1983		-444	-15 656	-16 100	-893	-1 339	-2 232	-18 332	17 192	815	3 130	3 945	21 137	1 092	1 713	2 805
1984		144	-9 278	-9 134	-215	-4 718	-4 933	-14 067	18 648	1 022	5 127	6 149	24 797	9 514	1 216	10 730
1985		299	-20 705	-20 406	90	-1 725	-1 635	-22 041	25 306	150	4 005	4 155	29 461	4 900	2 520	7 420
1986		783	-48 498	-47 715	-116	-5 839	-5 955	-53 670	58 175†	-283	5 888	5 605	63 780†	10 460†	-350	10 110†
1987		853†	-46 157†	-45 304†	518†	-5 161†	-4 643†	-49 947†	44 545	1 681†	6 841†	8 522†	53 067	-759	3 879†	3 120
1985	1	52	-3 476	-3 424	-74	-2 910	-2 984	-6 408	5 142	-497	4 775	4 278	9 420	1 718	1 294	3 012
	2	68	287	355	39	410	449	804	777	-221	-166	-387	390	1 132	62	1 194
	3	134	-11 405	-11 271	-45	417	372	-10 899	7 964	570	210	780	8 744	-3 307	1 152	-2 155
	4	45	-6 111	-6 066	170	358	528	-5 538	11 423	298	-814	-516	10 907	5 357	12	5 369
1986	1	132	-7 063	-6 931	-226	-1 833	-2 059	-8 990	7 722	484	3 401	3 885	11 607	791	1 826	2 617
	2	170	-5 748	-5 578	53	-584	-531	-6 109	8 458	-811	-50	-861	7 597	2 880	-1 392	1 488
	3	313	-27 549	-27 236	19	-1 510	-1 491	-28 727	33 066	-8	704	696	33 762	5 830	-795	5 035
	4	168	-8 138	-7 970	38	-1 912	-1 874	-9 844	8 929†	52	1 833	1 885	10 814†	959†	11	970†
1987	1	371	-6 386	-6 015	97	-1 362	-1 265	-7 280	9 208	434	2 029	2 463	11 671	3 193	1 198	4 391
	2	207	-15 055	-14 848	118	-91	27	-14 821	19 005	-417	1 747	1 330	20 335	4 157	1 357	5 514
	3	199	-14 562†	-14 363†	158	-2 785†	-2 627†	-16 990†	10 422	343	2 502†	2 845†	13 267	-3 941	218†	-3 723
	4	76†	-10 154	-10 078	145†	-923	-778	-10 856	5 910	1 321†	563	1 884	7 794	-4 168	1 106	-3 062

TRANSACTIONS OF UK RESIDENTS OTHER THAN BANKS AND GENERAL GOVERNMENT (excluding direct and portfolio investment)

TABLE 12

Not seasonally adjusted

£ million

		Transactions in external assets			Transactions in external liabilities			Net transactions		
		Transactions with banks abroad 1	Other assets	Total transactions in assets	Transactions with banks abroad 1	Other liabilities	Total transactions in liabilities	Public corporations	UK non-bank private sector	Total
		HESZ	HETE	HETJ	HETN	HETQ	HTEV	HETW	HETY	HETZ
1982		+908	128	-780	469	120†	589†	-232	41†	-191†
1983		+648	-153	-801	345	-54	291	-67	-443	-510
1984		-3 244†	1 285	-1 960†	-2 217†	523	-1 694	-236	-3 418	-3 654
1985		-1 251	522†	-729	2 662	745	3 407	295	2 383	2 678
1986		-2 936	1 671	-1 264	3 699	632	4 331	-121	3 188	3 067
1987		-4 368	1 572	-2 796	1 393	1 263	2 656	-107†	-33	-140
1985	1	-828†	-170†	-998†	-462†	594†	132†	64	-930†	-866†
	2	-44	-45	-89	2 163	9	2 172	105	1 978	2 083
	3	453	74	537	-624	234	-390	161	-14	147
	4	-842	663	-179	1 585	-92	1 493	-35	1 349	1 314
1986	1	439	296	735	-1 148	115	-1 033	-138	-160	-298
	2	-1 215	550	-664	1 005	225	1 230	-13	579	566
	3	-1 825	509	-1 316	3 638	428	4 066	27	2 723	2 750
	4	-335	316	-19	204	-136	68	3	46	49
1987	1	-1 974	666	-1 308	240	709	949	105†	-464	-359
	2	-378	384	6	1 030	-161	869	-106	981	875
	3	-1 250	259	-992	168	880	1 048	29	27	56
	4	-766	263	-502	-45	-165	-210	-135	-577	-712

1. Transactions with banks in the reporting area covered by the BIS are not available for the most recent quarter.

TRANSACTIONS OF GENERAL GOVERNMENT (excluding portfolio liabilities)

TABLE 13

Not seasonally adjusted

£ million

		Transactions in external assets					Transactions in external liabilities								
									Borrowing from banks etc overseas by						
		Official reserves	Inter-government loans by UK	Export credit	Other assets	Total transactions in assets	IMF	Inter-government loans to UK	HM Government	Local authorities1	Treasury bills	Non-interest bearing notes	Other liabilities	Total transactions in liabilities	Net transactions
		AIPA	HEUC	HEPF	HHIC	HEUI	AION	HEUL	HCJN	HEUQ	AARB	HCHO	HHIB	HEUR	HCCG
1982		1 421	30	53	-244	1 260	-163	-87	-	40	132	36	449	407	1 667
1983		607	12	-235	-255	129	-36	-97	-	57	30	-12	-527	-584	-455
1984		908	65	-603	-205	165	-	-103	-	48	145	-21	-110†	-41†	124†
1985		-1 758	52	-573	-209	-2 488	-	-87	-	85	-13	28	8	21	-2 467
1986		-2 891	69	-352	-227	-3 401	-	-87	-	99	207	-248	212	183	-3 218
1987		-12 012†	87†	-672†	-118†	-12 715†	-	-69†	-	103†	1 104†	273†	207	1 618	-11 097
1985	1	90	2	-53	-162	-124	-	-	-	3	-8	122	66†	185†	61†
	2	-807	9	-180	-16	-793	-	-1	-	-6	-29	-72	156	47	-746
	3	-49	7	-71	-12	-125	-	-	-	45	39	-21	-68	-5	-130
	4	-1 192	34	-269	-19	-1 446	-	-86	-	43	-17	-1	-148	-206	-1 652
1986	1	-580	-	106	-44	-518	-	-	-	47	-49	93	106	197	-321
	2	-296	14	-130	-37	-449	-	-1	-	43	-11	-52	138	117	-332
	3	-2 321	17	-141	-36	-2 481	-	-	-	18	93	-13	67	165	-2 316
	4	306	38	-187	-110	47	-	-86	-	-9	174	-276	-99	-296	-249
1987	1	-1 523	21†	-149	-85	-1 738†	-	-	-	7	-10	131	-42	86	-1 650
	2	-4 489	21	-164	-42	-4 654	-	-1	-	96	374	179	51	699	-3 955
	3	-289	23	-144†	-47	-437	-	-	-	-6	40	-39	77	72	-365
	4	-5 751†	22	-215	56†	-5 888	-	-68†	-	6†	700†	2†	121	761	-5 127

1. Including Northern Ireland central government.

The Budget: 15 March 1988

The following are the proposed changes in taxation as set out in the *Financial Statement and Budget Report 1988-89* March 1988) (Price £7.20)

Income tax

The main income tax personal allowances and the limit of the basic rate band will be increased by twice the amounts due under the statutory indexation provisions (based on the increase of 3.7 per cent in the RPI in the year to December 1987). This will mean that:

- the single person's wife's earned income allowances will rise by £180 from £2,425 to £2,605;
- the married allowance will rise £300 from £3,795 to £4,095;
- the additional personal allowance and widow's bereavement allowance will rise by £120 from £1,370 to £1,490;
- the age allowance for those aged 65 to 79 will rise by £220 from £2,960 to £3,180 (single) and by £360 from £4,675 to £5,035 (married);
- the age allowance for those aged 80 and over will rise by £240 from £3,070 to £3,310 (single) and by £360 from £4,845 to £5,205 (married);
- the income limit for age allowance will rise by £800 from £9,800 to £10,600;
- the basic rate limit will rise from £17,900 to £19,300 of taxable income.

The dependent relative allowance, the housekeeper allowance and the allowance for the services of a son or daughter will be abolished.

From 6 April 1989 an unmarried couple will not be entitled to more than one additional personal allowance.

The basic rate of income tax will be reduced to 25 per cent.

There will be a single higher rate of income tax of 40 per cent.

Life assurance premium relief

The rate of premium relief for life assurance policies taken out before 14 March 1984 will be reduced to 12½ per cent from 6 April 1989.

Benefits in kind

Car benefit scale charges for 1988–89 will be set at twice their 1987–88 levels.

Mortgage interest relief

For loans taken out from 1 August 1988, tax relief will be limited to the interest on £30,000 per residence, regardless of the number of borrowers. Relief on new loans for home improvements will be abolished from 6 April 1988. So will relief on new loans for the purchase of residences for dependent relatives and divorced or separates spouses.

Covenants

The tax treatment of covenants will be reformed and simplified. Non-charitable covenants made by individuals on or after Budget day will no longer attract tax relief, and income from such covenants will not be taxable in the hands of the recipient. Covenants to charities will not be affected, nor will non-charitable covenants made before Budget day.

Charitable giving

The limit on charitable donations qualifying for tax relief under the payroll giving scheme will be doubled from £120 to £240 a year from 1988–89.

Maintenance payments

The tax treatment of maintenance payments will be reformed. People who receive maintenance payments under new arrangements will not be liable to tax on their receipts; the person making the maintenance payments will get tax relief only for payments to a divorced or separated spouse, up to a limit of £1,490. Relief for existing maintenance arrangements will be preserved, and all divorced or separated spouses will be able to receive up to £1,490 of existing maintenance payments free of tax.

Personal Equity Plans

The annual limit on investment in a Personal Equity Plan will be increased from £2,400 to £3,000.

Employee share schemes

Following consultation last year, the income tax charge on unapproved employee share schemes under Section 79 of the Finance Act 1972 will be eased.

Lloyd's

The present administrative arrangements for taxing members of Lloyd's will be simplified.

The legislation on Lloyd's reinsurance to close will be modified to give relief to Lloyd's members who leave syndicates at the end of the underwriting year.

Trusts

The additional rate of income tax charged on discretionary and accumulation trusts will be reduced from 18 per cent to 10 per cent.

Capital gains

The base date for capital gains will be brought forward from 6 April 1965 to 31 March 1982; in general, only gains or losses accrued since 1982 will be brought into account for tax. This change will also apply to companies' gains. The present indexation provisions will continue to apply to gains accruing from 31 March 1982.

The capital gains tax annual exempt amount for 1988–89 will be reduced to £5,000 in the case of individuals and £2,500 in the case of most trusts.

Gains, after deduction of the exempt amount and allowing for rebasing to 1982 and indexation, will be added to income and taxed at income tax rates (as if they were the marginal slice of income).

From 6 April 1988, 50 per cent of gains between £125,000 and £500,000 will qualify for retirement relief, subject to the general conditions for the relief.

Inheritance tax

From Budget day, the threshold for inheritance tax will be increased from £90,000 to £110,000. Chargeable transfers above this amount will be taxed at a flat rate of 40 per cent. The £100,000 limit on the amount that can be given to a political party without incurring inheritance tax will be abolished.

Business tax

The small companies' rate of corporation tax will be reduced to 25 per cent for the financial year 1988.

The rate of advance corporation tax (ACT) for 1988–89 will go down automatically to ⅓ as a consequence of the reduction in the basic rate of income tax.

The main rate of corporation tax for the financial year 1988 will be 35 per cent.

In common with other business entertainment, the cost of entertaining overseas customers will no longer be an allowable business expense for tax purposes. This change will take effect from Budget day, except for commitments entered into before that date. From 1 August 1988 the VAT paid by businesses on this entertainment will no longer be deductible.

A number of changes will be made to prevent tax charges arising on the conversion of building societies into public limited companies.

Business Expansion Scheme

Investment in private rented housing will be encouraged by extending the Business Expanstion Scheme to give relief on investment in companies providing rented housing under the new assured tenancy scheme.

A general limit of £500,000 will be set on relief under the Business Expansion Scheme for total investment in any one company in any period of twelve months, with a higher limit of £5 million for investment in qualifying companies providing private rented housing or letting ships on charter.

Forestry

Income from the occupation of commercial woodlands will be removed from the scope of income tax and corporation tax.

Oil taxation

The oil allowance for petroleum revenue tax (RPT) will be reduced to 100,000 tonnes per chargeable period for all Southern Basis and onshore fields given development consent on or after 1 April 1982. (At the same time the Secretary of State for Energy proposes to abolish royalty payments for these fields.)

A new capital gains relief will be provided for disposals of oil licence interests in undeveloped areas wherever the consideration includes a work programme or another licence interest.

Company residence and migration

Section 482(1) (a) and (b) of the Taxes Act 1970 will be repealed with effect from Budget day. In future companies will be resident for tax purposes in the United Kingdom if incorporated here, or centrally managed and controlled here. UK incorporated companies wishing to move their business abroad, or non-UK incorporated companies moving their residence abroad, may do so without consent if they pay the tax due (including tax on accrued capital gains).

Stamp duties

Capital duty and unit trust instrument duty will be abolished with effect from midnight on Budget day.

VAT

From 16 March 1988 the registration limits will become £22,100 per annum and £7,500 per quarter.

The provision for applying VAT to confectionery will be amended, with the main effect of taxing all cereal bars at the standard rate.

Excise duties

The duties on beer and wines will rise by the equivalent of 1p on a typical pint of beer, just under 4p on a bottle of table wine, and just over 6p on a bottle of sherry (all inclusive of VAT). The duty on spirits will remain unchanged. The minimum duty charge for beer will be abolished and provision will be made for restructuring the duties on lower strength mixed drinks.

The duty on leaded petrol will be increased by the equivalent of 5½p a gallon (inclusive of VAT). The duty on unleaded petrol will remain unchanged so that the tax differential in favour of unleaded petrol will increase to nearly 11p a gallon. The duty on derv will rise by the equivalent of just under 5p a gallon (inclusive of VAT).

The specific duties on cigarettes, hand-rolling tobacco and cigars will rise by the equivalent of just over 3p on a packet of 20 cigarettes and nearly 2p on a packet of 5 small cigars (inclusive of VAT). The duty on pipe tobacco will remain unchanged.

Tax administration

The VAT civil penalty system, introduced in 1985, has been reviewed and various easements are proposed.

In the light of recommendations by the Keith Committee, changes will be made:

to encourage people to notify the Inland Revenue if they are liable to tax;

to improve the information powers of the Inland Revenue;

to charge interest where payment to the Inland Revenue of income tax deducted by employers is delayed beyond the end of the tax year.

Independent taxation for married couples

A new system of taxation for married couples will be introduced in 1990.

The present system of taxing husbands and wives, under which a married woman's income is treated in law as if it belonged to her husband, has been unchanged since the earliest days of income tax. Green Papers published in 1980 and 1986 have considered how the system might be reformed. There is general agreement that the present law is no longer acceptable, and wide support for an early change to a new and more up-to-date system.

A major reform of the system is therefore proposed to give husbands and wives independence and privacy in their tax affairs and remove the tax penalties on marriage which can occur under the present system. The new system will be introduced from 6 April 1990 to allow time for the necessary preparations.

From 6 April 1990, husbands and wives will be taxed independently on their income and chargeable capital gains. This will mean that:

husband and wife will become independent taxpayers each with their own allowances and basic rate band to set against their own income (from whatever source); each will be responsible for handling their own tax affairs with the Inland Revenue;

every taxpayer will be entitled to a personal allowance, equivalent to the allowance for single people under the present system;

there will be a new married couple's allowance (based on the difference under the present system between the married allowance and the single allowance). This will be set first against the husband's income, but any unused amount may be transferred to the wife;

married women will qualify in their own right for the higher levels of personal allowance for taxpayers aged 65–79 and those aged 80 and over. Higher levels of married couple's allowance will apply where either partner in a couple is aged 65–79 (or aged 80 and over);

there will be transitional protection for the small number of couples whose allowances would be reduced as a result of the change to the new system;

a husband's and wife's capital gains will be taxed independently; each partner will be entitled to the same exempt amount as a single person;

the existing exemptions from capital gains tax and inheritance tax on transfers of capital between husband and wife will continue;

it will be possible to abolish a number of provisions, including the wife's earnings election and separate assessment.

Direct effect of changes in taxation

£ million

	Estimated effect on receipts in: 1987-88		1988-89
	Changes from an non-indexed base	Changes from a indexed base	Changes from a indexed base
INLAND REVENUE			
Income tax			
1 Increase in single allowance of £180 and married allowance of £300	− 1245	− 625	− 810
2 Increase in additional personal allowance and widow's bereavement allowance of £120	− 15	− 5	− 10
3 Increase in age allowance of £220 (single) and £360 (married) and for those aged 65 to 79	− 90	− 45	− 55
4 Increase in age allowance (£240 (single) and £360 (married) for those aged 80 and over	− 15	− 10	− 10
5 Increase in income limit for age allowance of £800	− 10	− 5	− 10
6 Increase in basic rate limit of £1,400 to £19,300	− 155	− 75	− 125
7 Abolition of minor personal allowances	+ 10	+ 10	+ 10
8 Restriction on additional personal allowance for unmarried couples	−	−	+ 5
9 Reduction of 2p in basic rate	− 2190	− 2190	− 3000
10 Abolition of higher rates of income tax above 40p	− 1025	− 965	− 2070
11 Reduction in relief on life assurance premiums	−	−	+ 70
12 Fringe benefits — car benefit scales	+ 260	+ 260	+ 310
13 Fringe benefits — car parking space	− 5	− 5	− 5
14 Mortgage interest relief ceiling applied to residence	*	*	+ 25
15 Abolition of tax relief on new home improvement loans	+ 80	+ 80	+ 200
16 Abolition of tax relief on new loans for homes for dependent relatives and divorced or separated spouses	*	*	*
17 Abolition of tax relief on new non-charitable covenants	+ 45	+ 45	+ 105
18 Payroll giving to charities — increase in donation limit to £240 a year	*	*	*
19 Change in rules for maintenance payments	− 10	− 10	− 5
20 Charge in additional rate on discretionary trusts	− 5	− 5	− 10
21 Lloyd's — reform of administrative arrangements	−	−	*
22 Lloyd's reinsurance to close — relief for leavers	*	*	*
23 Unapproved employee share schemes — relaxation of charge	*	*	*
24 Employee priority in public offer of shares	*	*	*
25 Approved FA 1984 employee share option schemes — restricted shares	*	*	*
26 Assessing procedure for Schedule D	−	−	−
27 Redundancy payments — change to scale of charge	*	*	*
28 Withdrawal of top-slicing relief for tax charged on premiums for leases, etc	*	*	*
29 Amendment to tax treatment of overseas interest and dividends	*	*	*
Capital gains tax			
30 Rebasing capital gains of individuals and trusts to March 1982	*	*	− 55
31 Annual exempt amount reduced to £5,000	*	*	+ 15
32 Charging gains of individuals and trusts at income tax rates	+ 70	+ 70	+ 65
33 Retirement relief	*	*	− 10
34 Building and co-operative society shares	*	*	*
35 Homes provided for dependent relatives	−	−	*
Income tax and capital gains tax			
36 Independent taxation of income and chargeable capital gains of husband and wife from 1990−91	*	*	− 20 [1]
37 Business Expansion Scheme — limit on relief	+ 5	+ 5	+ 25
38 Business Expansion Scheme — private rented housing	*	*	− 40
39 Personal Equity Plan — increase in limit	*	*	− 5
Income tax and corporation tax			
40 Rebasing capital gains of companies to March 1982	− 25	− 25	− 235
41 Forestry — removal of commercial woodlands from scope of tax	−	−	*
42 Refunds of employee pension contributions	+ 15	+ 15	+ 15
43 Occupational pensions — minor amendments	−	−	−
44 End of year interest on PAYE and subcontractors deduction	−	−	−
45 Capital allowances — exempt persons	−	−	−
46 Capital allowances — safety at sports grounds	*	*	*
47 Capital allowances — abolition of quarantine premises relief	*	*	*
48 Withdrawal of relief for business entertainment of overseas customers	*	*	+ 5
Corporation tax			
49 Reduction in small companies' rate to 25 per cent	*	*	− 50
50 Reduction in rate of ACT to ⅓ of the amount of the distribution	− 380	− 380	− 200
51 Company residence and migration — new rules	−	−	−
52 Definition of an investment trust	−	−	−
53 Indexation allowance — intra-group transactions	−	−	−
54 Intra-group share exchanges	−	−	−
55 Capital allowances — assured tenancies relief	−	−	−
Corporation tax and capital gains tax			
56 Rollover relief for satellites, spacecraft, milk quotas and potato quotas	*	*	− 5
Income tax, corporation tax and capital gains tax			
57 Keith Comittee administrative changes	+ 10	+ 10	+ 20
Income tax, corporation tax, capital gains tax and stamp duties			
58 Conversion of building societies into public limited companies — changes in tax rules	−	−	−

* = *Negligible* — = *Nil* [1] *Allows for some postponement of realisation of gains by married couples (see annex note 36).*

Direct effect of changes in taxation—*(continued)*

	£ million		
	Estimated effect on receipts in: 1987-88		1988-89
	Changes from a non-indexed base	Changes from an indexed base	Changes from an indexed base
Oil taxation			
59 Reduction in PRT oil allowances for certain fields	+ 30	+ 30	+ 25
60 New capital gains relief for certain oil licence disposals	− 5	− 5	− 5
61 PRT relief for certain tariff-related costs	—	—	—
Inheritance tax			
62 Increase of £20,000 in threshold and change to 40 per cent flat rate	− 120	− 100	− 200
63 Abolition of limit on gifts to political parties	*	*	*
Stamp duties			
64 Abolition of capital duty and unit trust instrument duty	− 90	− 90	− 100
65 Stamp duty and reserve tax on paired shares	—	—	—
TOTAL INLAND REVENUE	**− 4860**	**− 4105**	**− 6140**
CUSTOMS AND EXCISE			
Value added tax			
66 Change in liability of certain confectionery	+ 5	+ 5	+ 10
67 Keith Committee — review of civil penalties	*	*	*
68 Increase in registration limits	*	*	*
69 Revised registration requirements	*	*	*
70 Revision of approved self-billing arrangements	+ 5	+ 5	+ 5
71 Revised treatment of business entertainment for overseas customers	*	*	*
Excise duties			
72 No change in rate of spirits duty	—	− 25	− 25
73 Increase in rate of beer duty	+ 75	+ 15	+ 15
74 Abolition of minimum duty charge for beer	*	*	*
75 Increase in rate of duty on cider and perry	+ 5	+ 5	*
76 Increases in rates of wine and made-wine duties	+ 25	+ 5	*
77 Revised duty regime for lower strength mixed drinks	*	*	*
78 Changes in rates of duty on petrol, etc.	+ 275	+ 80	+ 50
79 Increase in rate of duty on derv	+ 75	+ 25	+ 25
80 No change in rates of minor oil duties	—	− 5	− 10
81 Increase in rates of duties on cigarettes, hand-rolling tobacco and cigars	+ 100	—	—
82 No change in rate of duty on pipe tobacco	—	*	− 5
TOTAL CUSTOMS AND EXCISE	**+ 565**	**− 110**	**− 65**
Vehicle excise duty			
83 No change in VED on car, light van and in main lorry rates	—	− 100	− 110
84 Increase in certain other VED rates	+ 20	+ 20	+ 20
85 New VED class for exceptional loads	*	*	*
TOTAL VED	**+ 20**	**− 80**	**− 90**
TOTAL CHANGES IN TAXATION	**− 4275**	**− 3985**	**− 6165**

* = *Negligible* — = *Nil*

ANNEX

How the figures have been calculated

The table gives the direct effects of changes in taxation. Estimates are rounded to the nearest £5 million. "Negligible" means less than £3 million.

The direct effect of a tax change is the difference between the yield of the tax which would arise on the basis of the rate of tax, allowances, etc prevailing before the Budget (the pre-Budget regime) and the yield after the changes proposed in the Budget (the post-Budget regime).

For Inland Revenue taxes (and VED) the difference in yield for each tax is generally calculated by applying the pre- and post-Budget tax regimes to the same tax base. This base is the post-Budget base—that is the levels of income, profits etc forecast for future years on the assumption that all the measures proposed in the Budget take effect. In certain cases, however, the difference in yield also takes account of changes in taxpayers' behaviour arising from the tax change where these changes can be directly attributed to the change in tax. For example, the estimates of the cost or yield of the capital gains tax changes allow for the likely effects on the volume and timing of disposals.

For Customs and Excise taxes and duties, the calculation takes into account, where possible, the effect of the tax change on the pattern of consumers' expenditure and the resulting impact on other expenditure taxes but makes no allowance for secondary effects: in particular, it is assumed that total consumers' expenditure does not change. A fuller description of the methodology is in Economic Trends, March 1980.

The table shows the expected change in receipts of tax resulting from the Budget proposals. Additional information is provided in the commentary below for those proposals where the effect on tax liabilities in the first complete year to which the change applies (full year effect) is substantially different from the effect on receipts in either 1988–89 or 1989–90; or where the impact of the proposal is expected to build up over a period of years.

The figures in the first column of the table show the direct effect of the Budget proposals on receipts in 1988–89. Budget proposals are compared with a non-indexed base—that is, with the pre-Budget regime of allowances, thresholds and rates of duty at 1987–88 levels.

The figures in the second column show the direct effect of the Budget proposals on receipts in 1988–89, measured against an indexed base. The indexed base for 1988–89 is obtained by increasing 1987–88 allowances, thresholds and rates of duty by 3.7 per cent, the increase in the RPI over the year to December 1987.

The figures in the third column show the direct effect on receipts in 1989–90, also measured against an indexed base. For this comparison, both the Budget proposals and the indexed base for 1988–89 have been further indexed by the forecast movement in the RPI between the fourth quarters of 1987 and 1988 (shown in Table 3.12).

The estimates shown in the table do not reflect changes in the tax base arising from changes in money incomes and in the general level of prices and other economic variables which may result from the proposed tax change. These secondary effects are, of course, taken into account in estimating the impact of the tax change on the PSBR. The base for the post-Budget forecast of each tax takes account of the effects, direct and secondary, of all the measures announced in the Budget.

The remainder of this annex provides a commentary on the Budget proposals in the table. The paragraph numbers refer to the lines in the table.

Income tax

1 to 5 The increases in the main personal allowances are twice those due under statutory indexation (based on the increase of 3.7 per cent in the RPI in the year to December 1987).

6 The basic rate limit will rise by £1,400 from £17,900 to £19,300, twice the amount due under statutory indexation.

7 The dependent relative allowance, housekeeper allowance and the allowance for the services of a son or daughter will be abolished.

8 From 6 April 1989, an unmarried couple will not be entitled to more than one additional personal allowance.

9 The basic rate will be reduced to 25 per cent. This item includes the saving in mortgage interest relief to those below the tax threshold. The effect of the consequential change in the rate of advance corporation tax (ACT) is shown in line 50 of the table

10 There will be a single higher rate of 40 per cent.

11 Following the reductions in the basic rate of income tax in successive Budgets, the rate of relief for life assurance premiums on policies taken out before 14 March 1984 will be reduced from 15 per cent to 12.5 per cent from 6 April 1989. The starting date is to allow life offices time to make the necessary preparations. This item includes the saving in life assurance premium relief to those below the tax threshold.

12 For 1988–89 the scale for taxing car benefits for directors and "higher paid" employees will be double the 1987–88 levels. The previously announced scales for 1988–89 will not apply. The estimated yield is based on the difference between the tax payable on the new scales and the tax payable if 1987–88 scales had applied.

13 The provision of a car parking space at work for the use of directors or higher-paid employees will be exempt from tax from 6 April 1988.

14 For loans taken out from 1 August 1988, tax relief for two or more people borrowing to buy the same property as their only or main residence will be limited to the interest on £30,000 in total for the residence.

15 Relief for new loans for home improvement will be abolished from 6 April 1988. Relief for loans for the purchase or improvement of let property is not affected.

16 Relief for new loans for the purchase of residences for dependent relatives and divorced or separated spouses will be abolished from 6 April 1988.

17 Non-charitable covenants made on or after Budget day by individuals will no longer be effective for tax purposes. The change is estimated to yield £160 million in 1990–91 and £175 million in 1991–92. There will be parallel changes in the student grant system.

18 The limit on charitable donations qualifying for tax relief under payroll giving schemes will be increased to £240 a year from 6 April 1988.

19 The new tax regime for maintenance payments will mean that:

for payments under new maintenance arrangements, relief will be restricted to payments to a divorced or separated spouse, up to a limit equal to the difference between the married and single allowances (£1,490 for 1988–89). Recipients will not be liable to tax on maintenance payments;

for exisiting maintenance arrangements, in 1988–89 the present rules will continue to apply except that a divorced or separated spouse will be exempt from tax on the first £1,490 of maintenance received (after grossing up at the basic rate where tax has been deducted by the payer). From 1989–90, all payments will be made gross; and relief for the payer will be limited to the amount which qualified for relief in 1988–89. The tax liability on the recipient will be limited to the amount taxable in 1988–89; and a divorced or separated spouse will be exempt from tax on an amount up to the difference between the single and married allowances.

The changes are estimated to yield £5 million in 1990–91 and £15 million in 1991–92.

20 The additional rate of income tax charged on the income of discretionary and accumulation trusts will be reduced from 18 per cent to 10 per cent for 1988–89. The full year cost is £15 million.

21 The administrative arrangements for the assessment and collection of tax from members of Lloyd's will be reformed. The legislation will first take effect for the Lloyd's 1986 Account, which closes at the end of 1988.

22 The legislation on Lloyd's reinsurance to close (RIC) will be modified so that it will not apply to Lloyd's members who ceased membership of a syndicate at the end of the underwriting year, and are therefore not members of the syndicate to which the relevant RIC premium is paid. The legislation will first take effect for the Lloyd's 1985 Account, which closed at the end of 1987. This is the first year to which the 1987 legislation on Lloyd's RIC will apply.

23 The rules (Section 79 Finance Act 1972) governing unapproved employee share schemes will be relaxed with effect from 26 October 1987 (when draft clauses were published for consultation.)

24 Any benefit resulting from priority in applying for a public offer of shares given to employees by virtue of their employment will, subject to certain conditions, be exempt from income tax.

25 Changes will be made to the approved discretionary share option legislation to enable employees to borrow to purchase their option shares without losing tax relief.

26 Legislation will be introduced to ensure that the Inland Revenue continue to have power to make an income tax assessment, on certain types of income assessable on the current year basis, in the course of the year in which the income arises.

27 The limit below which redundancy and certain other lump sum payments are exempt from income tax will be increased from £25,000 to £30,000. The reduced rates of tax which apply to the next £50,000 of such payments will be abolished.

28 The top-slicing relief which applies to the tax charged on premiums for leases and certain other payments will be withdrawn.

29 The definition of a recognised clearing system will be amended and the deduction of tax rules will be extended to collecting agents obtaining payment of overseas interest and dividends in the UK.

Capital gains tax

30 The base date for capital gains tax (and for corporation tax on gains — see 40 below) will be changed from 6 April 1965 to 31 March 1982. There will be provisions to ensure that this change will never produce greater taxable gains or tax losses than the present system. The total cost of rebasing may built up for several years; but it will eventually decline as the stock of assets acquired before March 1982 falls. Estimates of cost, including the measures described in 31, 32 and 40 below, take account of the likely effect of the changes on the volume and timing of disposals.

31 The capital gains tax annual exempt amount will be reduced to £5,000 in the case of individuals and £2,500 in the case of most trusts. The revenue yield in 1990–91 is estimated at £35 million. The cost of allowing separate annual exempt amounts for husbands and wives from 1990–91 is not included in these figures but at 36 below.

32 From 1988–89, the capital gains of individuals and trusts will be taxed at income tax rates, that is as if they formed the marginal slice of income. The revenue yield in 1990–91 is estimated at £75 million. Until the introduction of independent taxation in 1990–91, the gains of married couples will be taxed as if they were the marginal slice of the husband's income.

33 Retirement relief currently exempts business gains up to £125,000, subject to certain qualifying conditions. From 6 April 1988, half of any business gains between £125,000 and £500,000 will also be exempt, subject to the same conditions.

34 From 4 July 1987, disposals of shares in building and co-operative societies will not qualify for indexation relief.

35 From 6 April 1988, the capital gains tax exemption for homes provided for dependent relatives will be abolished. There will be special provisions to ensure that exemption continues where a dwelling would have qualified for this exemption on a disposal before 1988–89.

Income tax and captial gains tax

36 The new system of independent taxation for husbands and wives will apply from 1990–91. For income tax, the revenue costs in 1990–91 and 1991–92 (based on the existing distribution of income and capital between husbands and wives) are estimated at £500 million and £1 billion respectively. For capital gains tax, the

prospect of independent taxation may lead some couples to defer disposals until the new arrangements are in place; and the figure for 1989–90 in the table reflects this. Costs for capital gains tax in 1990–91 and 1991–92 are estimated at £50 million and £45 million respectively. The estimates are inevitably subject to considerable uncertainty.

37 A general limit of £500,000 will be set on the total amount of investment in any one company in any period of 12 months qualifing for relief under the Business Expansion Scheme, with a higher limit of £5 million for investment in qualifying companies letting ships on charter. The estimated revenue effects depend on take up and are highly uncertain.

38 Relief under the Business Expansion Scheme will be made available for investment in companies providing private rented housing under the new assured tenancy scheme. A limit of £5 million will apply to qualifying investment in these companies. The estimated revenue costs depend on take up and are highly uncertain.

39 The annual limit on investment in a Personal Equity Plan will be raised from £2,400 to £3,000. At the same time, the amount which may be held in cash will be increased from £240 to £300 (or, in each case, 10 per cent of total market value of a plan). And the amount which may be invested in a unit trust or investment trust will rise from £420 to £540 (or, if greater, 25 per cent of total investment). The changes will apply from calendar year 1988.

Income tax and corporation tax

40 The base date for corporation tax on gains will be changed from 6 April 1965 to 31 March 1982 (see 30 above).

41 Schedule B will be abolished with effect from 1988–89. With effect from 15 March 1988 (subject to transitional provisions extending to 5 April 1993) the right of occupiers of commercial woodlands to elect to be assesed to tax on their profits or losses under Schedule D will be abolished. The eventual net annual revenue saving is estimated at over £10 million. In parallel there will be increases in planting grants for commercial woodlands.

42 The rate of tax on refunds of employee pension contributions will be increased from 10 per cent to 20 per cent.

43 Minor amendments are to be made to the 1987 legislation which dealt with exploitation of tax reliefs for pensions.

44 Interest will be charged where an employer or contractor delays payment to the Inland Revenue of amounts deducted under the PAYE or subcontractor deduction schemes beyond 19 April immediately following the deduction year. This interest charge will not be introduced before 1992.

45 The rules for calculating industrial buildings allowance following a sale and those for transfers of machinery or plant between connected persons will be amended to prevent excessive relief where one person is not chargeable to tax in the United Kingdom. These changes will prevent a potential Exchequer loss of up to £150 million in 1991–92 with a diminishing effect in later years.

46 The legislation relating to capital allowances for safety expenditure at sports grounds will be amended from 1 January 1988 to take account of changes to the Safety at Sports Grounds Act 1975.

47 Capital allowances on expenditure at certain quarantine premises will be abolished from 16 March 1988.

48 The relief for the costs incurred by a business in entertaining overseas customers will be withdrawn. The yield from the VAT change is at 71.

Corporation tax

49 The small companies' rate of corporation tax for the financial year 1988 will be reduced to 25 per cent.

50 As a consequence of the reduction in the basic rate of income tax, the rate of advance corporation tax (ACT) for 1988–89 will be ⅓ of the amount of the distribution. The reduction in ACT will be balanced by an increase in the subsequent liability to mainstream corporation tax.

51 The rules for company residence and migration will be changed. In future companies will be resident for tax purposes if they are incorporated in the UK or are centrally managed and controlled here. UK incorporated companies will be able to transfer their business abroad and non-UK incorporated companies will be able to transfer their residence abroad — in both cases without requiring Treasury consent — on providing for the payment of any tax due, including tax on accrued capital gains.

52 The Finance (No 2) Act 1987 repealed part of the definition of an investment trust. The full definition will be reinstated, and the legislation will include provision to ensure that the repeal was never effective.

53 The indexation allowance will be denied or restricted on disposal of certain intra-group debts and shareholdings. This provision counters use of the indexation allowance in ways which could articially cause a significant loss of tax.

54 As a result of a recent court ruling, share exchanges by companies in the same group can now give rise to capital gains or losses being taxed or allowed more than once. The legislation will be amended so as to remove than anomaly.

55 Capital allowances in respect of properties let on assured tenancy terms by "approved bodies" will come to an end when the Housing Bill takes effect. Changes will be made to the capital allowances legislation to ensure that relief for past years is not withdrawn and to provide transitional arrangements in respect of expenditure already incurred.

Corporation tax and capital gains tax

56 Rollover relief will be extended to satellites and spacecraft from 28 July 1987 and to milk quotas and potato quotas from 30 October 1987.

Income tax, corporation tax and capital gains

57 There are a number of administrative changes arising out of the Keith Committee recommendations:

the present flat rate penalty for failure to notify liability to tax will be replaced by a fully mitigable penalty up to the amount of tax unpaid;

the Inland Revenue's power to call for returns of information will be extended to details (where relevant for tax) of payments for services by Government departments, grants or subsidies paid out of public funds and the names of licence holders;

the Inland Revenue's power to call for documents relating to taxpayers suspected of avoidance or evasion will be extended to include the Department for National Savings, and, in order to identify taxpayers suspected of seriouds default, to documents relating to taxpayers whose identity is not known to the Inland Revenue;

the Inland Revenue will be allowed the same access to records held on computer as it is allowed to records held on paper.

The estimated yield of these measures is inevitably uncertain.

Income tax, corporation tax, capital gains tax and stamp duties

58 Changes in the tax rules concerning the conversion of building societies into public limited companies are necessary in order to prevent unintended tax charges arising.

Oil taxation

59 The PRT oil allowance for Southern Basin and onshore fields given development consent on or after 1 April 1982 is to be reduced to 100,000 tonnes per chargeable period, with a cumulative total of 2 million tonnes. The yield figures in the table relate to this proposal only. At the same time, it is proposed to abolish royalties on these fields. These two measures have a cumulative cost of around £50 million in the first five years (in part because it is estimated that they will accelerate certain developments), but in the long run they are expected to be broadly revenue neutral.

60 For disposals of oil licences in undeveloped areas where the consideration includes a work programme or another licence interest, that work programme or other licence interest will be deemed to have a nil value.

61 All tariff-related expenditure incurred by an asset owner will be allowed against his PRT liability on tariff income arising from third party use of these assets, even though his principal field has ceased production. No cost will arise until after fields owning assets used by others cease production.

Inheritance tax

62 The estimated full year cost attributable to taxable estates in 1988–89 is £220 million measured against an indexed base.

63 The £100,000 exemption limit on gifts to political parties made on or within one year of death is abolished from Budget day.

Stamp duties

64 Capital duty will not be payable on transactions completed after 15 March 1988. Unit trust instrument duty will not be payable on instruments executed after 15 March 1988, nor on property put into an existing trust after that date.

65 Changes are proposed to stamp duties and the reserve tax on shares in a UK and a non-UK company where the shares are paired and can only be transferred as a unit.

Value added tax

66 The taxing provision relating to confectionery will be amended, with the main effect of taxing all cereal bars at the standard rate from 1 May 1988.

67 Amendments will be made to the civil penalty system including the introduction of a time-related penalty for late registration; the halving of daily penalties; changes to the rules about eligibility to repayment supplement; and changes to the rules for persons who persistently misdeclare their liability.

68 From 16 March 1988, the registration limits will become £22,100 per annum and £7,500 per quarter.

69 The rules for registration of voluntary and intending traders will be simplified and restrictions and conditions removed.

70 From Royal Assent, where a taxable person issues himself with an invoice under the terms of an approved self-billing arrangement, he will be responsible for determining the correct VAT liability.

71 From 1 August 1988, VAT incurred by businesses on entertaining foreign customers will no longer be deductible, bringing it into line with the treatment of VAT on other business entertainment.

Excise duties

72 There will be no change in the rate of duty on spirits.

73 The duty on typical beer will be increased by 4.7 per cent, equivalent to 1p a pint (inclusive of VAT).

74 From 1 October 1988, beer duty will be charged on the basis of £0.90 a hectolitre for every degree by which the original gravity of the beer exceeds 1,000°.

75 The duty on cider and perry will be increased by 9.7 per cent, equivalent to 1p a pint (inclusive of VAT).

76 The duties on wine and made-wine will be increased by 4.5 per cent, equivalent to 3.8p on a 75cl bottle of still wine, 5.9p on a 70cl bottle of sparkling wine, 6.1p on a 70cl bottle of sherry and 7.1p on a 70cl bottle of port (all inclusive of VAT).

77 Lower strength mixed drinks, not exceeding 5.5 per cent alcohol, will be dutied according to their alcoholic strength on a scale proportionate to table wine duty.

78 The duty on leaded petrol will be increased by 5.5 per cent, equivalent to 5½p a gallon (inclusive of VAT). The duty on unleaded petrol will remain unchanged so that the tax differential in favour of unleaded petrol will rise to 10.6p a gallon. The rate of duty on aviation gasoline and gas for road fuel will remain half that of leaded petrol.

79 The duty on derv will be increased by 5.5 per cent, equivalent to 4.7p a gallon (inclusive of VAT). Bus fuel grants to certain bus service operators will automatically be increased to compensate them for the increase in duty on derv.

80 There will be no change in the rates of duty on gas oil and fuel oil.

81 The specific duties on cigarettes, hand-rolling tobacco and cigars will be increased by 3.7 per cent, equivalent to 3.4p on a packet of 20 cigarettes, 5.3p on a 25 gram packet of hand-rolling tobacco and 1.9p on a packet of 5 small cigars (all inclusive of VAT).

82 The duty on pipe tobacco will be unchanged.

Vehicle excise duties

83 There will be no change in the duties on cars, light vans, motor cycles, buses, coaches and most lorries.

84 From 16 March 1988, the rates of duty for the heaviest rigid lorries will rise by about 10 per cent bringing them more into line with rates for articulated vehicles of similar gross weight.

85 From 1 June 1988, a new tax class will be introduced for heavy goods vehicles (special types) capable of carrying very long, wide or heavy loads. The rate of VED for these special types will be raised to £1,600,

The Economy: recent developments and prospects to mid-1989

The following note and tables are adapted from the *Financial Statement and Budget Report 1988-89* March 1988)(Price £7.20):

Summary

Growth should be around 3 per cent in 1988, close to the average rate over the last six years, but significantly below the 4½ per cent growth in 1987. Inflation is expected to remain low and there are good prospects for a further fall in unemployment.

The economy grew strongly in 1987, with GDP growth of 4½ per cent and manufacturing output growth of 5½ per cent. Domestic demand rose by 4 per cent, the same as in 1986. It is expected to rise at a similar rate in 1988, with slightly slower growth of consumer spending being offset by markedly faster growth of investment. GDP is forecast to grow by 3 per cent (3½ per cent for non-oil GDP).

Retail price inflation averaged just over 4 per cent in 1987. It fell to 3¼ per cent in January 1988, but is forecast to return to 4 per cent in the fourth quarter of 1988.

Employment has risen strongly over the past year, with unemployment falling by half a million — the largest decline since the war. Unemployment should continue to fall this year.

GNP in the main industrial economies grew by about 3 per cent last year. In 1988 growth could ease slightly to 2½ per cent. Industrial production picked up strongly during 1987. Associated with this were faster growth in trade in manufactures and some recovery in industrial materials prices. World trade in manufactures appears to have grown by about 5½ per cent in 1987 and should grow by a similar amount this year.

Both export and import volumes grew rapidly last year: some moderation in growth is likely in 1988. Following recent revisions to the surplus on invisibles the current account is now estimated to have been in deficit by a little over £1½ billion in 1987. A deficit of £4 billion (less than 1 per cent of GDP) is forecast for 1988.

The forecast assumes that fiscal and monetary policies are operated within the framework of the Medium Term Financial Strategy. It assumes that North Sea oil prices and the exchange rate remain close to recent levels.

Financial conditions

Sterling has shown considerable stability against the deutschemark over the past year. There was an inflow of $20 billion into the Reserves in the year to February. Following the Louvre accord, the dollar remained stable against the major currencies for much of 1987, before falling further towards the end of the year. It has risen slightly in the early months of 1988, in the wake of the G7 statement just before Christmas and improved US trade figures.

Short-term interest rates in the UK fell from 11 per cent at the beginning of 1987 to 9 per cent in July. They rose to 10 per cent in August, but came down again to 8½ per cent in the immediate aftermath of October's stock market collapse. Following the resotration of more settled markets earlier this year, short-term interest rates returned to around 9 per cent. Longer term interest rates have followed a similar profile to short-term rates, but with similar fluctuations. In the most recent period they, too, have been around 9 per cent.

M0 growth, which fell in early 1987, rose rapidly in the summer reflecting lower interest rates. It may move to the top of, or outside, its 1–5 per cent target range in the early part of the financial year before coming back within it.

M4, which includes the liabilities of both banks and building societies, has grown at close to 16½ per cent over the past year. As in recent years, there has been a sharp fall in its velocity.

World economy

Output growth in the industrial countries strengthend in the second half of 1987, particularly in North America and Japan. Real GNP in the major seven OECD countries is estimated to have increased by 3 per cent in 1987, marginally faster than in 1986.

Substantial falls in import prices in 1986 — notably for oil, but also for many other primary commodities — were partly reversed in 1987. Oil prices recovered from their low point of the summmer of 1986, but have weakened in recent months. Prices of other industrial materials rose as world activity picked up. Nevertheless, consumer price inflation in the major economies has remained low. In Japan and Germany, the appreciation of their currencies meant that inflation was close to zero. But in the US, consumer price inflation rose to 4½ per cent at the end of 1987.

The improved terms of trade for developing countries boosted the exports of the major industrialised countries and helped to strengthen business investment. This more than offset some slowdown in the growth of real personal incomes and consumer spending. As a result industrial production has been particularly buoyant; industrial output in the major seven OECD economies was over 5 per cent higher in December 1987 than a year earlier.

Equity prices in the US and most other countries continued to rise in the first part of 1987, reaching an all-time high in a number of countries around mid-year. In large part, the subsequent fall in equity prices can be seen as a correction, even though the scale and sharpness of the fall in October were unprecedented. Prompt action by the monetary authorities in the major countries to reduce interest rates and provide sufficient liquidity helped to prevent a major collapse of confidence.

In the United States, domestic demand growth, which had averaged 5½ per cent a year between 1983 and 1986, slowed to 2½ per cent in 1987; as a result, the growth of import volumes has also slowed. US export volumes are now responding strongly to the massive depreciation of the dollar from its 1985 peak; by the fourth quarter of last year they were 17 per cent higher than a year earlier. These favourable movements in trade volumes were, for much of 1987, offset in money terms by the effects of the dollar's

fall. But more recent figures have suggested some decline in the US trade deficit.

A two year phase of relatively slow growth in Japan ended in the spring of 1987 as exports stopped falling and domestic demand picked up sharply. But in Germany both real domestic and GNP grew slowly in 1987. The current account surpluses of both Japan and Germany fell slightly in relation to their GNP in 1987, with that of Japan falling rather faster.

World import volumes are estimated to have grown by more than 4 per cent in 1987. This is slightly lower than in 1986, when there was a substantial rise in oil trade as stocks were rebuilt. The growth of trade in manufactures in 1987 — provisionally estimated at about 5½ per cent — picked up substantially, helped by the continued buoyancy of domestic demand in the major seven countries and by increased demand from the rest of the world.

Table 1 shows the forecast for activity and inflation in the major seven OECD countries, and for world trade. In aggregate, real GNP in the major seven countries is expected to grow a little less strongly in 1988 than in 1987, though industrial production should remain buoyant. Inflation is likely to stay low.

Table 1 World economy

	Per cent changes on a year earlier			
	Estimates		Forecasts	
	1986	1987	1988	1989 H1
Major seven counties [1]				
Real GNP	2¾	3	2½	2
Real domestic demand	3¾	3	2½	2
Industrial production	1	3½	4½	3
Consumer prices	2	2¾	3	3
World trade, at constant prices				
Total imports	5	4½	4¼	3¼
Trade in manufactures	2	5½	5	3¼

1 US, Japan, Germany, UK, France, Italy and Canada.

As a result of the continued strength of industrial activity, some further modest rise in non-food commodity prices is expected during 1988. Food prices, however, are likely to be held down by continued over-supply, encouraged by high levels of support in many countries. The forecast is based on the assumption that North Sea oil prices remain close to recent levels.

Imports by industrial countries are expected to grow less rapidly than in 1986 and 1987. However, imports by non-oil developing countries will be helped by stronger commodity prices, and hence export earnings. Total world trade in 1988 is forecast to grow at close to the rate experienced in 1987.

UK trade and the balance of payments

In the UK, unit labour costs in manufacturing rose only slightly in 1987, at a similar rate to the average in the other major economies, with rapid productivity growth largely offsetting a continuing high level of pay increases. Despite some appreciation of sterling, the UK's cost competitiveness remains more favourable than in 1985, before the fall in world oil prices. The maintenance of competitiveness in the year ahead will depend on success in continuing to restrain unit cost increases.

Table 2 The exchange rate and cost competitiveness

	Sterling index (1975 = 100)	Relative unit labour costs [1] (1980 = 100)
1985 Q4	70	88
1986 Q4	68	71
1987 Q4	75	80

1 Ratio of UK manufacturing sector's costs to those overseas

Non-oil export volumed rose by 7 per cent in 1987. Manufactured exports rose particularly strongly, reflecting renewed growth in world trade and the UK's strong competitive position. Non-oil export volumes are forecast to rise in 1988 by a further 5 per cent.

The UK increased its share of world trade in manufactures slightly in 1987. Its volume share has remained broadly stable since 1981, in marked contrast to the previous long-term decline. This improved performance is forecast to continue in 1988.

Table 3 Visible trade

	Per cent changes on previous year					
	All goods			Goods less oil		
	Export volume	Import volume	Terms of trade [1]	Export volume	Import volume	Terms of trade [1]
1986	3½	6½	−5½	4	5½	−½
1987	5½	7½	1½	7	8½	1½
1988 Forecast	3½	7	1	5	7	1½

1 Ratio of UK export average values to import average values

Non-oil import volumes fell unexpectedly in early 1987, but rose during the rest of the year, and were 8½ per cent higher than in 1986. The increases were widespread, with higher imports of materials and capital goods reflecting the strong growth of UK production, stocks and investment. Consumer goods imports also rose in response to the rise in consumer spending. The volume of imports is forecast to rise less rapidly through the year ahead as output growth slows.

There was a surplus on oil trade of £4 billion in 1987, little changed from 1986. Higher oil prices and a fall in domestic demand for oil more than offset a decline in North Sea production. In 1988, oil production is likely to be below its 1987 level, close to the centre of the Department of Energy's projected output range, while domestic demand for oil may rise modestly. The oil trade surplus us expected to fall by £1½ billion, to about £2½ billion.

The terms of trade, which fell in 1986 as oil prices declined, improved again in 1987 as oil prices firmed and as sterling's appreciation offset some rise in world commodity prices in the latter part of the year. Little further change in the terms of trade is assumed during the rest of 1988.

The latest estimate for the surplus on invisibles in 1987, at £8 billion, is slightly below the outturn in 1986, with increased transfers to the European Community being only partly offset by higher net earnings from services and from the UK's net overseas assets. The invisibles surplus seems likely to rise a little in 1988, partly because of lower net payments abroad by North Sea oil companies.

The value of the UK's stock of net overseas assets is provisionally estimated to have been about £90 billion at the end of 1987, some £20 billion down on end-1986. This decline is largely due to the fall in world equity markets and in the sterling value of UK assets in North America following the fall in the US dollar.

The current account deficit is estimated to have been a little over £1½ billion in 1987. The improvement over the forecast in last year's FSBR was mainly due to the unexpected strength of exports of

manufactures. A deficit of £4 billion (less than 1 per cent of GDP) is forecast for 1988, largely as a result of the projected decline in the oil surplus. The deficit on non-oil trade is forecast to show little further change from the level in the second half of 1987.

Table 4 Current account

£ billion

	Manufactures	Oil	Other goods	Invisibles	Current balance
1986	−5½	4	−7	8½	0
1987	−6½	4	−7½	8	−1½
1988 Forecast	−8½	2½	−6½	8½	−4

Demand and activity

The UK economy grew by 4½ per cent in 1987. Growth was strong throughout the non-oil economy: manufacturing output rose by 5½ per cent, construction output by 8½ per cent and output of the service industries by 5½ per cent.

Consumers' expenditure is now estimated to have risen by 5 per cent in 1987, less than in 1986. This was faster than the 3½ per cent growth in real personal disposable income, and the savings ration once again fell.

A number of factors could account for the decline in the savings ratio in recent years. Inflation has been at a low level not experienced since the 1960s. Recent increases in real house prices, and in equity prices to October 1987, may also have contributed. And many employers have taken so-called holidays on their contributions to employees' pension funds; these score as reduced personal saving.

Personal borrowing rose further during 1987, in large part reflecting increased mortgage borrowing. But personal sector financial assets showed a larger increase, despite the October share price fall.

Consumers' expenditure is forecast to increase by 4 per cent in 1988 and the savings ratio is expected to bounce back a little. Persons' investment in dwellings could rise by around 3½ per cent in 1988, rather more slowly than over the last two years.

Non-North Sea industrial and commercial companies' profits (net of stock appreciation) rose sharply in 1987, by over 20 per cent. The rate of return of non-North Sea industrial and commercial companies was around 11 per cent—the highest level for about 20 years. Manufacturing profitability grew particularly strongly.

Current estimates suggest that manufacturing investment grew by 3½ per cent last year, while total non-oil business investment grew by 6 per cent. The latest DTI Investment Intentions Survey indicated a strong pick-up in manufacturing investment growth, to about 11 per cent in 1988. The January CBI Industrial Trends Survey, the first full enquiry since the fall in share prices, confirms that prospect, with a near record balance of manufacturing firms expecting to increase investment. On the basis of the DTI Survey, further steady growth is expected in non-manufacturing business investment. This outlook for company investment is consistent with the recent and prospective buoyancy in output, real profitability and company finances, and it will add to industrial capacity. North Sea investment fell in 1987 and is expected to show little change in 1988.

Table 5 Gross fixed domestic capital formation

		£ billion at 1980 prices 1986	Per cent changes on previous year 1986	1985	Forecast 1986
Business [1]		29.8	−3	4	9
of which:	non-oil business	27.8	−2	6	9
	manufacturing	7.1	−5	3½	11½
Private dwellings [2]		9.5	7	5½	2
General government		6.9	4	−1	1½
Total fixed investment		**46.2**	**−½**	**3½**	**6½**

1 Includes investment by public corporations.
2 Includes purchase less sales of land by persons, companies and public corporations, other than purchases of council houses.

Despite a rise in stocks in 1987, stock-output and stock-sales ratios continued their trend decline of the last eight years. These downward trends are expected to continue in 1988, though, as last year, there is still likely to be modest stockbuilding.

GDP growth is likely to moderate to around 3 per cent (3½ per cent excluding oil) in 1988, close to the 1981–87 average. Domestic demand is forecast to rise at around the same rate in 1988 as in 1987; some slowdown in consumer spending should be offset by buoyant investment. But declining North Sea output may reduce GDP growth by around ½ per cent. Manufacturing output is expected to rise faster than non-oil GDP in 1988, as it did in 1987.

Table 6 Domestic demand and GDP

	Per cent changes on a year earlier					
					Forecast	
	1987		1988		1989 H1	
Domestic demand	4		4		3	
Exports of goods and services [1]	5½	(6½)	3	(4)	2	(3½)
Imports of goods and services [1]	7½	(8½)	6½	(6)	4	(4)
GDP [1,2]	4½	(5)	3	(3½)	2½	(3)
Manufacturing production	5½		5		3½	

1 Non-oil shares in brackets.
2 Average measure.

Inflation

The annual rate of inflation as measured by the RPI was 4.1 per cent in 1987 Q4, in line with the forecasts in the 1987 FSBR and Autumn Statement. The average rate for 1987 as a whole was 4.2 per cent. Last year was the first time in 23 years that inflation was lower than the growth of GDP.

Pay settlements in manufacturing industry recorded by the CBI show a fall of about 1 percentage point between the 1985–86 and 1986–87 pay rounds. There was a similar picture in the services sector. Whole economy underlying average earnings, boosted by record overtime working in manufacturing, rose by 7¾ per cent in 1987. But unit labour costs in manufacturing were broadly unchanged in 1987, reflecting a sharp increase in labour productivity.

It is difficult to discern a reliable trends in recent private sector pay settlements. They have been markedly lower than the recent high growth in earnings, which reflects record overtime working and bonus payments. Recent data suggest that settlements may turn out a little higher in 1988 than in 1987, but overtime working (and overtime earnings) should fall as economic growth moves back closer to trend.

In 1987 rapid growth in productivity meant that manufacturing unit labour costs rose only fractionally, in line with other major industrial countries. Continued growth in underlying productivity should mean that manufacturing unit labour costs grow only slowly in 1988, though in other major industrialised countries no unit labour cost growth at all is forecast.

Table 7 Costs in manufacturing

	Per cent changes on previous year			
	Unit labour costs	Cost of materials and fuel [1]	Estimated total unit costs [2]	Output prices [1]
1986	4	−11	−½	4½
1987	0	5	1½	4½
1988 Forecast	2	−1½	1	4½

1 Producer prices excluding food, drink and tobacco industries.
2 Including costs of bought-in services.

Manufacturers' profits margins rose significantly in 1987 for the third year in succession. There may be further increases in 1988 if producers take some advantage of falling import costs to raise profits, as they did in 1986. Over the longer term, high profitability should lead to continued growth in investment, capacity and productivity. Together these should enhance prospects for controlling industrial costs.

Retail price inflation has come down in the first quarter of 1988, aided by lower import costs and recent cuts in mortgage interest rates. It may edge up a little, partly as a result of the Budget proposals and the effects of local authority rate increases. There will also be some real increases in nationalised industry prices following a decline in real terms over the past three years. The RPI is forecast to rise by 4 per cent in the year to the fourth quarter of 1988. With substantial cuts in income tax, the tax and price index (TPI) will rise more slowly than the RPI during 1988. By the fourth quarter of 1988 it is likely to be 1¾ per cent higher than a year earlier.

Table 8 Retail prices index

		Per cent changes on a year earlier		
		Forecast		
	Weight in 1987	1987 Q4	1988 Q4	1989 Q2
Food	16½	3½	2	2½
Nationalised industries	6	2¼	6½	5¾
Housing	15	7	6¾	8¼
Other	62½	3¾	3½	3½
Total	**100**	**4**	**4**	**4**

The GDP deflator measures the price of domestic value added — principally unit labour costs and profits per unit of output. It does not include import prices. The GDP deflator at market prices is estimated to have risen by 5 per cent in 1987–88, following an increase of 3 per cent in 1986–87. The higher rate of increase in 1987–88 is largely accounted for by a recovery in North Sea profits, which had fallen by over 50 per cent in 1986–87 following the sharp fall in oil prices. The GDP deflator is forecast to rise by 4½ per cent in 1988–89.

Productivity and the labour market

Preliminary estimates suggest that the employed labour force in Great Britain rose sharply during 1987; in the year to September 1987 it is estimates to have risen by 460,000. Self-employment has grown particularly strongly, as many more people have taken advantage of the opportunities offered by the buoyant economic climate. Total employment has risen by over 1½ million since March 1983.

Table 9 Changes in employment

	Thousands, seasonally adjusted, GB				
	Employees in employment		Self-employed	HM Forces	Employed labour force
	Male	Female			
September 1984 to September 1985	+ 55	+ 193	+ 90	− 2	+ 336
September 1985 to September 1986	− 82	+ 148	+ 71	− 3	+ 134
September 1986 to September 1987	+ 24	+ 234	+ 207 [1]	− 4	+ 461

1 Figures for self-employment after June 1987 are projections based on self-employment growth over the previous six years.

Productivity has also been growing strongly. In 1987 manufacturing productivity rose by almost 7 per cent. In the year to 1987Q3 (the latest period for which comparable data are available) UK manufacturing productivity rose faster than in any other major industrial country. It has now risen by an average of 4 per cent per annum since 1979. Underlying growth in labour productivity in manufacturing industry may now be higher than in the 1960s. This has been accompanied recently by a substantial improvement in capital productivity. Non-manufacturing output per man hour has risen by about 2 per cent a year since 1979, and by about 2½ per cent a year since 1983. Output per head has grown less than this, reflecting the large rise in part-time employment.

Table 10 Output per head of the employed labour force

	Per cent changes					
	Annual averages					
	1964–73	1973–79	1979–87	1984 Q4 to 1985 Q4	1985 Q4 to 1986 Q4	1986 Q4 to 1987 Q2 [2]
Manufacturing	3¾	¾	4	2¼	6½	6¼
Non-manufacturing [1]	3	½	1½	3½	3½	3½
Whole economy	2¾	1¼	2	2¼	3¼	3¼
Non-North Sea economy	2¾	½	2	2½	3½	3½

1 Excludes public services and North Sea oil and gas extraction.
2 Partly forecast.

Seasonally adjusted adult employment in the UK has fallen in each of the last eighteen months. It has now come down by almost 65,000 since July 1986. Over the same period long term unemployment (over one year's duration) has fallen by around 250,000. The improved trend in unemployment has been mainly the result of strong growth of output and employment. Unemployment should continue to fall in the year ahead. But excessive pay settlements would threaten further progress.

Forecast and outturn

Table 11 compares the main elements of the forecast published in the 1987 FSBR with the outturn or latest estimate.

Table 11 Forecast and outturn

	1987 FSBR forecast	Outturn or latest estimate	Average errors from past forecasts
GDP (per cent change between 1986 and 1987)	3	4½	¾
RPI (per cent change between the fourth quarters of 1986 and 1987)	4	4	1
Money GDP (per cent change between 1986–87 and 1987–88)	7½	9¾	1½
Current account of the balance of payments (1987, £ billion)	−2½	−1½	3
PSBR (1987–88, £ billion)	4	−3	4

Inflation in the fourth quarter of 1987 was in line with the forecast made a year ago while the current account deficit is now estimated to have been smaller than forecast. Although the data on which the latest estimates of GDP in 1987 are based are liable to revision, it is clear that both money and real GDP growth have been stronger than forecast. The PSBR in 1987–88 is likely to turn out about £7 billion lower than last year's forecast. This error — which is higher than the average error on past forecasts — reflects a combination of lower than expected general government expenditure and, in particular, higher than forecast tax revenues.

This year's forecast is summarised in Table 12.

Risks and uncertainties

No forecast is complete without an indication of error margins. Table 12 sets out the average errors from FSBR forecasts over the past ten years, alongside the forecasts themselves. These average errors provide an indication of possible errors in the current forecast. Those items which represent the relatively small balance between large flows in either direction are particularly subject to error. For example, the flows on either side of the PSBR, including the revenues of the public corporations, are about £200 billion; and for the current account of the balance of payments exceed £150 billion.

Table 12 The prospects: summary

	Forecast		Average errors from past forecasts [1]
	1986 to 1988	1987 to 1988	
	per cent changes		percentage points
Output and expenditure at constant 1980 prices			
Domestic demand	4	4	1
of which:			
consumers' expenditure	5	4	1
general government consumption	1	1	1
fixed investment	3½	6½	2½
change in stockbuilding (as per cent of level of GDP)	0	0	½
Exports of goods and services	5½	3	2
Imports of goods and services	7½	6½	2½
Gross domestic product: total	4½	3	¾
: manufacturing	5½	5	1½
Inflation			
Retail prices index	per cent changes		
1987 Q4 to 1988 Q4	4		1
1988 Q2 to 1989 Q2	4		2
GDP deflator at market prices	per cent changes on a year earlier		
Financial year 1987–88	5		1
Financial year 1988–89	4½		1
Money GDP at market prices	£ billion [2]		
Financial year 1987–88	424 (9¾)		1¼
Financial year 1988–89	456 (7½)		1½
Balance of payments current account	£ billion		
1988	– 4		3
1989 first half (at an annual rate)	– 4		4½
PSBR	£ billion [3]		
Financial year 1987–88	– 3 (– ¾)		1 (¼)
Financial year 1988–89	– 3 (– ¾)		4 (1)

1 The errors relate to the average differences (on either side of the central figure) between FSBR forecasts and outturn over the last ten years.
2 Per cent change on previous financial year in brackets; average error shown relates to the forecast of the percentage change.
3 Per cent of GDP at market prices shown in brackets.

Table 13 Gross domestic product and its components [1]

	£ billion at 1980 prices, seasonally adjusted										
	Consumers' expenditure	General government con-sumption	Total fixed investment	Exports of goods and services	Change in stocks	Total final expenditure	*Less* imports of goods and services	*Less* adjustment to factor cost	*Plus* statistical adjustment	Gross domestic product at factor cost	GDP index (average estimate) 1980=100
1983	144.5	50.5	41.6	64.4	0.7	**301.8**	62.6	31.6	0.1	**207.7**	104.0
1984	147.7	51.0	45.0	68.9	0.3	**312.8**	68.7	32.7	1.3	**212.7**	106.5
1985	153.4	51.0	46.3	73.0	0.7	**324.3**	70.6	33.8	0.6	**220.5**	110.4
1986	162.6	51.6	46.2	75.3	0.6	**336.2**	75.1	35.5	1.4	**227.1**	113.7
1987	171.0	52.2	47.8	79.5	0.8	**351.4**	80.7	37.5	3.8	**236.9**	118.7
1988	178.3	52.7	51.0	81.9	1.3	**365.1**	86.0	39.1	4.4	**244.4**	122.4
1986 H1	80.3	25.7	22.7	36.8	0.4	**165.9**	36.1	17.5	0.4	**112.6**	112.8
H2	82.3	25.9	23.5	38.5	0.2	**170.3**	38.9	18.0	1.0	**114.5**	114.6
1987 H1	83.8	25.9	23.4	39.1	– 0.2	**172.0**	38.5	18.3	1.7	**116.9**	117.1
H2	87.2	26.3	24.4	40.5	1.0	**179.4**	42.3	19.2	2.1	**120.0**	120.2
1988 H1	88.5	26.3	25.2	40.8	0.5	**181.3**	42.3	19.4	2.1	**121.7**	121.9
H2	89.7	26.4	25.8	41.1	0.7	**183.8**	43.7	19.7	2.2	**122.7**	122.9
1989 H1	91.3	26.6	26.4	41.7	0.7	**186.7**	44.1	19.9	2.2	**124.9**	125.1
	Per cent changes										
1985 to 1986	6	1	– ½	3	—	3½	6½	5	—	3	3
1986 to 1987	5	1	3½	5½	—	4½	7½	6	—	4½	4½
1987 to 1988	4	1	6½	3	—	4	6½	4	—	3	3
988 H1 to 1989 H1	3	1	5	2	—	3	4	2½	—	2½	2½

1 The GDP figures are averages of constant price expenditure, output and income estimates of GDP. Percentage changes are calculated from unrounded levels and then rounded to the nearest half per cent. Figures for 1988 H1 and beyond are forecasts. Figures for periods to the end of 1987 are based in part on the published national accounts (to 1987 Q3) and in part on revised and later data and forecasts. A full set of national accounts to end-1987 will be published by the CSO on 18 March.

Rebasing the National Accounts: The reasons and the likely effects

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The national accounts of the United Kingdom encompass a wide range of economic and financial statistics. Among the more important of these are estimates of the *volume* of gross domestic product (GDP). This is because for many purposes, comparisons over time are more useful when the effects of changes in price are eliminated. These volume (or constant price) estimates are often referred to as 'real' measures, as opposed to the nominal measures which are expressed in prices of the day or current prices. The units in which they are expressed are, for the purpose of measuring change, immaterial. However, it is conventional to use either the average prices prevailing in some fixed reference period or an index series based on some convenient year. The choice of reference period or of the base for the index series has a further significance in the system of national accounts which will be explained below.

At present, UK volume measures are expressed in average 1980 prices or as index series with a 1980 base. This year, all of these estimates will be rebased on the year 1985. This means that all the components of expenditure on the gross domestic product will be expressed in terms of average 1985 prices and new aggregate measures will be calculated. There will be a consequent effect on the aggregate income measures at constant prices which are estimated using deflators derived from expenditure measures. Also, the detailed components of the output measure of gross domestic product, which are at present indexed on 1980 and weighted according to the values of net output in 1980, will be indexed on 1985 and re-weighted according to the values of net output in 1985.

The rebased annual estimates will be published in September 1988 in *United Kingdom National Accounts, 1988 Edition* (the CSO Blue Book). Quarterly figures on the new basis will be published in the GDP press notice later in September and in the regular quarterly article on national accounts in the October issue of *Economic Trends*.

This article explains the need for rebasing, describes the processes involved in the exercise and considers the likely effects on the published estimates.

The need for rebasing

The purpose of constructing the constant price estimates is to measure changes in the volume of goods and services produced or sold. Where a single type of article of unvarying specification is produced, changes in volume can, in principle, be measured perfectly and uniquely in terms of physical units. Where more than one type of article is involved, changes between the two periods in the total volume of output can only be measured by valuing the output in each period at the prices of a single period (the 'price base' or 'weighting base') and thus comparing the values of total output at constant prices.

The choice of the base period can have a significant effect on the derived change over time in aggegrate production. The relative prices of the various goods and services, which determine their weights in the aggregate measure, can be affected by a number of factors such as technological change, oil prices, exchange rates etc. Different relative prices can result in different measures of volume change. Ideally, for each comparison that is made over time, a specific base period should be used, the base chosen being the one which reflects the price structure of the period of comparison as closely as possible. This is not practicable, however, and the need to keep abreast of changing price structures is met by choosing a sequence of base years, each of which is used for volume comparisons over defined periods surrounding that base year. Rebasing therefore becomes necessary to ensure that volume comparisons made over more recent periods are not distorted by the use of a price structure from an earlier period.

Linking of series on different bases

It should be emphasised that rebasing does not entail recalculating the entire series of constant price estimates using the relative weights of the new base year. To do so would impose inappropriate relative weights on estimates for earlier periods. Developments in the 1960s, for example, cannot be measured satisfactorily in terms of the relative prices of 1985. Hence, the relative price structure in a base year is used only over a limited time period. For example, relative prices in the present base year, 1980, are used to generate volume estimates, valued at 1980 prices, only as far back as 1978. From 1973 to 1977 relative prices in the previous base year, 1975, are used giving valuations at 1975 prices. The two periods are linked by scaling or re-referencing the earlier period, at the level of the detailed components of GDP, using the ratio:

$$\frac{\textit{1978 value at 1980 prices}}{\textit{1978 value at 1975 prices}}$$

The year 1978 is known as the 'link year'. Similar scaling is undertaken for periods surrounding earlier base years. Thus, although the constant price estimates are referred to as being 'at 1980 prices', the estimates prior to 1978 are all calculated using relative prices more closely related to the periods in question. In other words, each series has several weighting bases but only a single 'reference base'. Each volume series is in the form of a chain-linked index with the typical length of each link about five years instead of what might be considered the ideal of one year. However, the latest price base can cover a period of up to ten years, with the last five years being revised on rebasing. For example, the 1980 weighting base is currently used for estimates from 1978 to 1987. On rebasing, estimates from 1983 to 1987 (and those made for the early part of 1988) will be recalculated on a 1985 weighting base. The advantage of this chain-linking procedure is that it more closely approximates to the 'ideal' of making comparisons using the most typical set of relative prices for the period concerned. For comparisons over longer periods no single price structure is allowed to dominate and account is taken of the changes in the relative prices of the components.

An important consequence of this is that when a new base year is introduced, comparisons are only affected for periods as far back as the link year. Comparisons made over earlier periods are unaffected. A less fortunate further consequence is that, prior to

the link year, sub-totals and totals of expenditure on GDP re-referenced to the new price base will not equal the sum of their components . However, if we were to obtain new sub-totals and totals as the sums of the rebased components, this would amount to re-weighting between components at 1985 prices for all time periods and would therefore be contrary to the principles set out above. The same problem of non-additivity is present in index numbers of output at constant prices prior to the link year but is not so easily perceived.

The nature of rebasing

Before describing the rebasing process in more detail, it is necessary to explain more fully the nature of the constant price estimates. In principle, the expenditure measure of gross domestic product (GDP(E)) at constant prices is the result of valuing at base year prices the volumes of the various types of goods and services purchased and adding them together. In practice, physical volume measures are appropriate for only a few homogeneous categories of goods and services. Most categories are far from homogeneous and the use of physical volume measures alone (even if they existed) would not necessarily reflect changes in composition or quality. Therefore most volume changes are estimated indirectly from changes in value deflated by appropriate price indices.

Theoretically, to obtain base-weighted volume series the values expressed in current prices should be divided by current-weighted price indices (†). In practice, however, the information needed to derive such price indices is not usually available and the individual price indices used for deflation are mostly base-weighted. The effect of this weakness in the constant price estimates is minimised by carrying out the deflation at the finest practicable level of detail. Thus the incorrect weighting only occurs *within* the categories of expenditure to which the base-weighted deflators are applied. It can be demonstrated that the correct weighting *between* these categories is achieved by simple addition of the deflated series (‡). Previous analyses have shown that the use of base-weighted deflators is not a serious deficiency in the method of estimation, given the level of disaggregation that is used.

(†) A current-weighted price index is of the form:

$$\frac{\Sigma\, q_n p_n}{\Sigma\, q_n p_o}$$

Deflating current values by such an index yields:

$$\Sigma\, q_n p_n \div \frac{\Sigma\, q_n p_n}{\Sigma\, q_n p_o} = \Sigma\, q_n p_o$$

which is the sum of current quantities at base-year prices, i.e. the numerator in a base-weighted volume index.

(‡) A base-weighted price index is of the form:

$$\frac{\Sigma\, q_o p_n}{\Sigma\, q_o p_o}$$

Deflating current values of expenditure within a particular category by such an index yields:

$$\Sigma\, q_n p_n \div \frac{\Sigma\, q_o p_n}{\Sigma\, q_o p_o} = \Sigma\, q_o p_o \frac{\Sigma\, q_n p_n}{\Sigma\, q_o p_n} = V_o \frac{Q_n}{Q_o}$$

where V_o is the base-year value of expenditure for the category as a whole and Q_n/Q_o is a current-weighted volume index and can be regarded as a quantity relative for the category as a whole.

Summing over all categories of expenditure yields:

$$\Sigma V_o \frac{Q_n}{Q_o}$$

which is the numerator of a base-weighted volume index formulated as quantity relatives weighted by base-year values.

In the output measure of gross domestic product (GDP(O)) the aim is to measure changes in the real net output of each industry and to weight these changes together according to the relative values of net output, or value added, in the base year. The value added by each industry is its contribution to the domestic product — that is, the value of its total output less the cost of any goods or services it has acquired from other industries or has imported. The value added by each industry therefore consists of the value of the factors of production used in that industry and equals the sum of factor incomes (income from employment and profit incomes) earned in the industry after deducting stock appreciation.

Ideally, value added at constant prices should be measured by using 'double deflation' techniques: that is, by revaluing separately at constant prices both gross output and total inputs and taking the latter from the former. The practical difficulties of correctly deflating and deriving the balance between two large estimates are very great and, except for agriculture, it has been found more practicable in the United Kingdom to use proxy indicators for changes in real net output. These are usually indicators of gross output, either physical indicators or values of output deflated by appropriate price indices.

Using gross output indicators in this way implies the assumption that the ratio of net output at constant prices to gross output at constant prices remains stable during the 'life' of each base year. In practice this assumption is fairly robust because of the detailed level at which industries and activities within industries are identified. Moreover, special adjustments can be made to compensate for any large deviations identified between base years.

Where the value of gross output is deflated to constant prices, the price indices used in practice are base-weighted. As in the case of the expenditure measure, the detailed level of disaggregation at which deflation is carried out avoids serious distortions. Some indicators of output are direct measures of volume. Although this may appear to give a more robust estimate of real change, there can be difficulties in identifying changes in quality and so growth can sometimes be mis-stated.

The operations involved in rebasing can be summarised as follows:

a) From the link year (which will be 1983 for this year's rebasing) onwards:

For GDP(E):

(i) Producing re-weighted price indices for deflating the individual components of expenditure, where these are used, and

(ii) Re-weighting the deflated components of expenditure and those produced from physical volume measures according to the value of expenditure in the new base year and calculating new aggregate series.

For GDP(O):

(i) Producing re-weighted price indices for deflating the individual measures of the value of gross output, and

(ii) Re-weighting the deflated indicators (and the indicators which are direct measures of volume) according to the value of net output in the new base year and calculating new aggregate indices.

b) For periods prior to the link year:

Re-referencing all component and aggregate series to 1985 prices or to a 1985 = 100 index base by multiplying the existing series by the ratio:

$$\frac{\textit{1983 value on the 1985 base}}{\textit{1983 value on the 1980 base}}$$

Direct estimates of GDP at constant prices cannot be made from income data. However, because of the conceptual equivalence of the expenditure and income measures of GDP, estimates of real changes in the income measure (GDP(I)) can be derived by deflating the estimate at current prices by the GDP(E) factor cost deflator. This deflator and therefore the constant price GDP(I) estimate are also rebased. This applies only at the level of total GDP(I) and does not involve the components of that measure.

The weights that are required for the base years generally draw on more detailed data for output and expenditure than those used for other years. In the past the major benchmark industrial inquiries, particularly the censuses of production and distribution, have provided the additional information for rebasing the national accounts and associated series. Although it might appear possible to rebase the accounts every year using data from these inquiries, this is not practicable for three reasons. First, the full range of data is not available for every year. Second, the results of the inquiries are not complete until some two years after the end of the year to which they relate, so the national accounts series for the latest two years could not be properly chain-linked. Third, the substantial staff resources that are absorbed by rebasing could not be justified unless the benefits of annual rebasing were also substantial and there is no evidence that this would be so.

Expenditure on the gross domestic product: the effect of rebasing on 1980
Percentage increases 1978-1982 [1]

Table 1

	At 1975 prices	At 1980 prices	Difference
Consumers' expenditure	7.3	5.6	−1.7
General government final consumption	4.7	4.9	+0.2
Gross domestic fixed capital formation	−5.9	−8.7	−2.8
Total domestic expenditure	2.8	1.3	−1.5
Exports of goods and services	1.5	2.9	+1.4
Total final expenditure	2.5	1.7	−0.8
Imports of goods and services	12.1	6.9	−5.2
GDP at market prices	−0.1	0.4	+0.5
Adjustment to factor cost	5.9	2.2	−3.7
GDP at factor cost	−0.8	0.2	+1.0

1 Based on data consistent with the Blue Book *National Income and Expenditure 1972-82*

The effects of rebasing

The effects of rebasing on 1980 were described in an article in the December 1983 issue of *Economic Trends* (1). The effects on GDP(E) are summarised in Table 1. As explained above, rebasing on 1980 did not affect proportional changes before 1978.

For most types of expenditure the theoretical effect of rebasing is to reduce slightly the estimated growth in volume. This reflects the normal price elasticities: the growth in demand is likely to be greatest for those goods and services whose unit prices have grown the least. Thus, on rebasing, the weight given to products for which growth in demand has been greater than average will tend to be reduced and the weight given to products for which growth in demand has been smaller than average will tend to be increased. A similar principle holds for the output measures. At rebasing, however, the opportunity is taken to review component series and, where possible, to improve coverage, sources and methodology. These changes, along with other routine revisions made to the estimates, can in practice have larger effects than those of rebasing itself.

Rebasing on 1980 did in fact decrease the estimated growth in the volume of domestic expenditure between 1978 and 1982. However, this was more than offset by the effects on exports and imports. Re-weighting to 1980 average prices reduced the estimated growth in the volume of imports between 1978 and 1982 by about 5 per cent and increased the estimated growth in exports by about 1 per cent. The rise in oil prices and the increased output from the North Sea played important parts in the result. The overall effect of rebasing on 1980 was to alter the change in GDP(E) at factor cost between 1978 and 1982 from a fall of around ¾ per cent to a small increase of about ¼ per cent. The previous rebasing on 1975 had very similar effects on total domestic expenditure, imports and exports and similarly led to an upward revision in the estimates of recent growth in GDP(E).

For GDP(O), rebasing on 1980 resulted in an upward revision of around ½ per cent on the estimated growth between 1978 and 1982. Once again, this was similar to the effect of the previous rebasing on 1975. Thus, although the theoretical effect of rebasing is to reduce estimated growth, recent evidence from the last two rebasing exercises has shown that other effects can dominate and produce overall revisions in a direction opposite to that which might have been expected from a consideration of price elasticities alone.

At this stage, only a partial and approximate forecast can be made of the likely results of rebasing on 1985. Most components of expenditure and output require re-weighted price deflators and re-working of volume estimates at a detailed level and these will not be ready until later in the year. However, using the level of detail identified in the annual Blue Book, it is possible to re-weight provisionally from 1980 to 1985 prices between (but not always within) broad categories of expenditure or output. This has been done for categories of expenditure at constant prices in Table 2 of this article. Consumers' expenditure has been re-estimated in rather more detail than the functional headings shown in Table 4.6 of *United Kingdom National Accounts, 1987 edition* and for several major components fully rebased data have been used. Estimates of gross fixed capital formation have been re-weighted at the level of main asset type, at slightly greater detail than shown in Table 12.4. For general government final consumption, fully rebased estimates in respect of pay have been used but other components have been re-weighted at the level of main expenditure headings. Exports and imports of goods and services have been re-weighted between the thirty or so main commodity and service headings.

Expenditure on the gross domestic product: preliminary assessment of the effect of rebasing on 1985

Percentage increases 1983-86 [1]

Table 2

	At 1980 prices	At 1985 prices	Difference
Consumers' expenditure	12.5	11.4	−1.1
General government final consumption	1.7	1.8	+0.1
Gross domestic fixed capital formation	11.6	13.7	+2.1
Total domestic expenditure	10.0	9.6	−0.4
Exports of goods and services	16.7	17.1	+0.4
Total final expenditure	11.4	11.2	−0.2
Imports of goods and services	19.8	20.2	+0.4
GDP at market prices	9.2	8.9	−0.3
Adjustment to factor cost	12.2	11.7	−0.5
GDP at factor cost	8.8	8.4	−0.4

1 Based on data consistent with the *Economic Trends* No 411, January 1988

As the table shows, this partial and approximate re-weighting has made a half per cent difference to the estimated change in GDP(E) at constant factor cost between 1983 and 1986. An increase of 8.8 per cent is revised down to 8.4 per cent. Within the aggregate, the main effects are on the estimates for consumers' expenditure and fixed capital formation. Unlike the previous two rebasings, the effect on the volume of imports and exports is expected to be small.

The fall in price of electrical goods, relative to other items, between 1980 and 1985 has reduced the contribution of this fast growing component in the rebased consumers' expenditure estimates. This, coupled with similar though less pronounced effects from other components, has resulted in a lower rate of growth in the volume of total consumer spending.

The upward revision to capital formation growth results primarily from the changed contribution of computers between 1980 and 1985 and the effect of this on the base-weighted price indices used to deflate investment on plant and machinery. Unlike electrical goods within consumers' expenditure, computers are not separately identified in the capital formation estimates. Rebasing therefore involves the re-assessment of the proportions of investment in plant and machinery accounted for by computers and the recalculation of price indices with which to deflate the current price investment estimates. New information suggests an increased proportion of investment being made on computers in 1985 compared with 1980 and so a larger weight will given to computers in the rebased priced indices. As the price of computers has been falling relative to other types of investment, the indices increase less rapidly than before with the effect that volume growth is revised upwards. Also, there has been a reweighting within the computer price index itself which now declines between 1983 and 1986 instead of rising slightly. This has the effect of further increasing the estimated growth in the volume of total investment. (There are particular problems in maintaining price indices for computers associated with rapid technogical change in the product range; these are currently under investigation. The results of this excercise, which is quite separate from the process of rebasing, will be incorporated in the 1985-based series in due course.)

For the output measure of GDP, provisional re-weighting has been carried out between the production industries defined in Table 2.1 of *United Kingdom National Accounts, 1987 edition* and between the other industry groups shown in Table 2.4. The effect of this is to reduce the recorded increase in GDP(O) between 1983 and 1986 by less than a half per cent.

Summary

The estimates of expenditure on the gross domestic product at constant prices and the index numbers of output at constant factor cost are to be rebased this year on 1985. The rebased annual estimates will be published in September 1988 in *United Kingdom National Accounts, 1988 edition* and the corresponding quarterly estimates will be published by press notice later in that month and in the October 1988 edition of Economic Trends. At around the same time the full set of rebased statistics will be made available on the CSO Databank in computer-readable form. The estimates which are at present compiled at 1980 prices or on the 1980 base will no longer be published after the rebased estimates are made available. All volume comparisons will thereafter have to be made using the 1985 based figures.

All the rebased series will be fully re-weighted back to 1983. The existing estimates of volume up to 1983 will be re-referenced and linked to the new series without re-weighting. Thus changes in the volumes of expenditure and output up to 1983 will not be affected by rebasing. However, the detailed categories of expenditure for years before 1983 will not 'add up' to their totals in an accounting sense.

Provisional calculations suggest that the rebasing will have only a small downward effect on the overall estimates of recent movements in the volume of GDP. The changes due to rebasing may well be less than those which normally result from new information or improvements to methodology.

After publication of *United Kingdom National Accounts, 1988 edition*, a further article in *Economic Trends* will set out the effects of rebasing.

Reference

1 **'The effects of rebasing on the measures of gross domestic product'**, *Economic Trends No. 362, December 1983* (HMSO)

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Data given on page 5 may be more recent than that shown elsewhere in the publication.
United Kingdom balance of payments: National income and expenditure. In addition to the series indexed below, further detailed statistics are included in the regular quarterly articles (see inside back cover).

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